BENDURA BANK

BENDURA BANK AG · LIECHTENSTEIN

Disclosure Report

in accordance with Art. 431 ff CRR and Art. 29c BankV of

BENDURA BANK AG

for the 2023 financial year

Contents

1. Introduction

Legal bases

This Disclosure Report of BENDURA BANK AG (BENDURA) has been prepared in accordance with Part 8, Articles 431 to 455 of Regulation (EU) No 575/2013 (CRR) of 26 June 2013 in conjunction with the EBA Guidelines on Materiality, Proprietary and Confidentiality and on Disclosure Frequency of 23 December 2014 (EBA/GL/2014/14) and other relevant requirements in conjunction with the related FMA Instruction. Furthermore, the report serves to fulfil the disclosure obligations pursuant to Art. 29c Banking Ordinance (BankV) in conjunction with the associated FMA Instruction.

Non-material, proprietary or confidential information (Art. 432 CRR)

Pursuant to Art. 432 (1) CRR and taking into account the EBA Guidelines of 23 December 2014 (EBA/GL/2014/14), the publication of information referred to in Title II is waived if it is deemed not to be material or is considered to be proprietary or confidential. However, in accordance with Art. 432 (3) CRR, it is indicated if Art. 432 (1) CRR applies. If possible, more general information on the subject matter of the disclosure is provided in this case.

Frequency and means of disclosure (Art. 433 and 434 CRR)

Disclosure is made once a year as of the reporting date of 31 December. The report is published on the website of BENDURA BANK AG, https://www.bendura.li/en/news/offenlegungsberichte/, where it can be viewed and downloaded.

Scope of application

The scope of this disclosure report relates to BENDURA BANK AG. All other information pursuant to Art. 436 CRR can be found in the annual report, accessible via www.bendura.li/en/kategorie/business-reports-en/, with reference to Art. 434 (2) CRR.

2. Art. 435 (1) CRR Risk management objectives and policies

The risk policy and the associated risk management system of BENDURA BANK AG are based on the following pillars:

- The business strategy, which defines the relevant business areas from which the risk types are then derived.

- The risk policy, which defines the types of risk for the bank resulting from the business strategy and specifies both qualitative and quantitative as well as organisational structures on which the implemented risk management system is based.
- The directive system, in which the principles of the defined risk policy are incorporated into directives and rules of conduct for employees and internal controlling processes for risk monitoring are specified. In this respect, the internal control system (ICS) directive governs the principles and methods of the internal control system and the competencies and responsibilities associated with it.
- The implementation of the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) based on a scenario analysis and the risk matrix, in which the risks are defined, analysed and quantified.
- The risk policy of BENDURA BANK AG covers the entire bank and is broken down into the individual departments. The Board of Directors reviews the appropriateness of these regulations and/or the risk policy annually and bears the overall responsibility for the implementation of the risk policy.

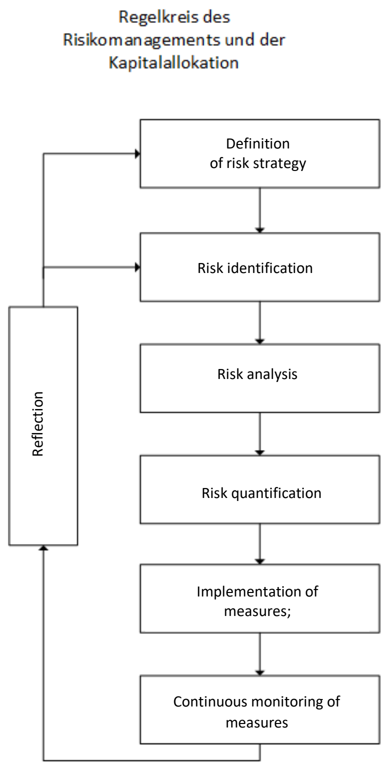
The Bank's overriding objective is to keep the risk profile low in relation to the return opportunities.

The risk policy of BENDURA BANK AG is determined by the Board of Directors (BoD) through the definition of business policy principles and any risk tolerance thresholds for individual business areas and types of business and is monitored by means of reports, limits and regular meetings. The ongoing measurement and monitoring of risks as well as intervention to limit or correct the risks taken have been assigned to operational management, which is supported by the risk management function. It reports its findings to the Executive Board and informs the Risk Committee and the Audit, Organisation and Risk Committee (AORC) as well as the Board of Directors on a quarterly basis (Art. 435 (2) (e) CRR).

The Management Board also ensures that any risk assumption is carried out exclusively by persons authorised to do so.

The Management Board ensures independent monitoring of the bank’s risk profile by the appropriate monitoring bodies.

The risk management procedures and strategies chosen by BENDURA BANK AG are based on the statutory provisions and the requirements of the supervisory authorities. The applied control cycle of risk management and capital allocation is shown below.



Adequacy Statement

"BENDURA BANK AG's risk policy and objectives are in line with the bank's business strategy. The corresponding risk management procedures and measurement systems follow common standards and are aligned with the risk content of the positions according to the principle of proportionality. The procedures are particularly suitable for this purpose and ensure that the bank's risk-bearing capacity is guaranteed at all times. The risk objectives and the implementation of the bank's risk policy become measurable, transparent and controllable through the corresponding procedures.

Therefore, as the Management Board of BENDURA BANK AG, we consider the risk management and measurement systems in place to be adequate."

Risk Statement of the Management Board of BENDURA BANK AG

"The risk strategy of BENDURA BANK AG is derived from the business strategy and aims to control the risks arising from the business strategy in a binding and sustainable manner. In particular, the risk strategy, through its operational implementation, defines a binding framework for taking risks, taking into account the institution's risk-bearing capacity and risk tolerance.

The risk policy as well as the defined risk tolerance of BENDURA BANK AG are mapped by applying a limit system and distributing the risk types."

The main risk types for BENDURA BANK AG can be derived from the business strategy. The monitoring of the individual risk types is regulated in the bank's risk policy and the associated directives and is monitored by the Management Board. The Board of Directors bears overall responsibility for the bank's risk policy.

3. Article 435(2) CRR Corporate governance

Principles of corporate governance

Pursuant to Art. 22 (2) (b) of the Banking Act (BankG), the Management Board responsible for operations must permanently have at least two members, who may not simultaneously be members of the Board of Directors.

In the 2023 financial year, the Executive Board of BENDURA BANK AG was made up of Dr Markus FEDERSPIEL (Chairman), Philipp FORSTER, Thomas LUDESCHER, Stefan MÄDER and Marcel WYSS. Marcel WYSS resigned from operational management with effect from 22 September 2023. Mr FEDERSPIEL, Mr FORSTER and Mr LUDESCHER are responsible for the front office, while Mr MÄDER and Mr WYSS are responsible for the back office and the monitoring bodies. None of the members of the Management Board are members of the Board of Directors. Decisions on the Management Board shall be taken by majority vote. In the event of a tie, the Board of Directors shall have the casting vote.

The Board of Directors consists of eight members as at 31 December 2023 and is composed as follows:

- Kwok Lung HON, Chairman
- Univ.-Prof. Dr Martin WENZ, Vice-Chairman of the Board
- Dr. Chi Wah FONG, Member
- Teguh HALIM, Member (since 27.04.2023)
- Xiaohui HAO, Member
- Lai LAM, Member
- Marco LECHTHALER, Member
- Urs PORTMANN, Member (since 29.08.2023)

The Board of Directors of BENDURA BANK AG is responsible, among other things, for the tasks pursuant to Art. 23 BankG. It meets as often as business requires, but at least quarterly. Within the framework of the overall management, supervision and control of the Bank, the Board of Directors makes use in particular of the Internal Audit department, which reports directly to it. Internal Audit is independent and has an unrestricted right of inspection and information within the bank. It reports directly to the Board of Directors at the respective meetings on the audits carried out and the status of the resolution of the findings made. In addition, the risk management and compliance functions report directly to the Board of Directors on a quarterly basis.

In a process approved by the Board of Directors, BENDURA BANK AG has defined in detail the responsibilities and procedures regarding the issuance and review of all regulations and directives (incl. regulations regarding organisation, corporate governance/control and avoidance of conflicts of interest).

The Board of Directors is responsible for the preparation of the annual report and the approval of the interim financial statements as well as the preparation of the Shareholders' Meeting and the execution of its resolutions. When the annual report is being prepared, the Board of Directors is regularly informed of its current status. After the auditors have reviewed the annual report prepared by the Management Board on behalf of the Board of Directors, the annual report is finalised, adopted and approved by the Board of Directors. The Board of Directors then submits the annual report, together with the auditor's certificate, to the Shareholders' Meeting. The interim financial statements are prepared by the accounting department, under the responsibility of the Chief Financial Officer (CFO), and submitted to the Board of Directors for approval prior to publication.

The Board of Directors is informed in advance of all significant communications of the bank.

All members of the Board of Directors and the Management Board devote sufficient time to the fulfilment of their duties. The other mandates of the members of the Board of Directors and the Management Board as at the end of 2023 are as follows (Art. 435 (2) (a) CRR):

Body	**Other mandates as a member of the Board of Directors**	**Other mandates as a member of the Management Board**	**Further other mandates**
Board of Directors	**78**	**6**	**11**
of which in relation to the Group	58	5	1
Executive Board	**7**	**1**	**2**
of which in relation to the Group	7	1	0

<u>Principles of the recruitment policy for the selection of members of the management bodies (Art. 435 (2) (b) and (c) CRR)</u>

In addition to professional suitability, demonstrated by adequate training in conjunction with many years of relevant professional experience in specialist and management positions, BENDURA BANK AG pays particular attention to the personal suitability of the members of its management bodies as well as the heads of the internal audit and compliance function. Ensuring good repute and financial independence in the context of the review of members of management bodies and the management of the internal audit and compliance functions can be seen as part of a comprehensive risk strategy. Another key principle is the dual-control principle, according to which the members of the management bodies and the heads of the internal audit and compliance functions are assessed, taking into account FMA Communication 2013/07 and Art. 22 (5 to 8) BankG and Art. 29 (1) BankV.

The concept of diversity is taken into account when selecting members of the Management Board or the Board of Directors and, in addition to personal and professional suitability, is an important criterion for filling management positions.

The Management Board ensures that an induction process is provided for new board members as well as the management of the internal audit and compliance functions. Ongoing training measures also ensure that the necessary knowledge and skills are maintained.

Disclosure of the actual knowledge and experience of the members of the management bodies is waived with reference to the "non-material" nature of the information pursuant to Article 432 (1) CRR in conjunction with EBA/GL/2014/14 and Article 432 (3) CRR.

Risk Committee (Art. 435 (2) (d) CRR)

There is no legal requirement for BENDURA BANK AG to set up a risk committee. The option to set up such a body has been exercised in the form of the AOR Committee (Audit, Organisation and Risk Committee - "AORC").

4. Article 436 CRR Scope of application

Founded in 1998, BENDURA BANK AG is a fully licensed bank based in the Principality of Liechtenstein.

As of 31 December 2023, the share capital of BENDURA BANK AG, Liechtenstein, fully paid up in cash, amounts to CHF 20 million and is divided into 200,000 registered shares with a nominal value of CHF 100 per share. At the end of 2023, around 89.19% of the capital rights were held by Citychamp Watch & Jewellery Group Ltd., Cayman Islands, which is listed on the Hong Kong stock exchange, and 1.19% of the capital rights by the Board of Directors, the management, employees and third parties. As at 31 December 2023, BENDURA BANK AG, Liechtenstein, held its own registered shares with a nominal value of CHF 1,924,600, equating to 9.62% of the capital rights.

At the end of 2023, the bank held 100% of the shares in the following companies:

- BENDURA Funds AG, Gamprin-Bendern, Liechtenstein. The purpose of the company is to carry out fund transactions. Its share capital is CHF 1,500,000.
- BENDURA Service GmbH, Vienna, Austria. The purpose of the company is to perform compliance services. Its share capital is EUR 1,000,000.
- Challenge Capital Management Limited, Hong Kong. The purpose of the company is to provide investment services. Its share capital is HKD 41,300,000.
- Golden Tower Corporation Limited, Hong Kong. The purpose of the company is to hold and manage a property in Hong Kong. Its share capital is HKD 1.

Bendura Bank Representative Office is not an independent entity and hence is not a subsidiary of BENDURA BANK AG.

Pursuant to Art. 19 CRR, all subsidiaries do not have to be included in the scope of prudential consolidation. However, for risk management purposes, these subsidiaries are also taken into account. Moreover, strategies and procedures applicable throughout the group, including data protection strategies and procedures geared towards information sharing within the group for the purposes of combating money laundering, organised crime and the financing of terrorism, have been created for those BENDURA Group companies that are subject to due diligence obligations.

5. Article 437 CRR Own funds

BENDURA BANK AG's own funds are determined in accordance with the applicable CRR provisions and are composed as follows:

	Disclosure of own funds	Amount on the date of disclosure	CRR reference to Art.
	OWN FUNDS		
	Tier 1 (T1)		
	COMMON EQUITY TIER 1 (CET1) and reserves		
1.	Capital instruments and the share premium accounts related to them	20,000,000	26 (1), 27, 28, 29
	of which: Ordinary shares	20,000,000	EBA list pursuant to Article 26 (3)
	of which: Preference shares	-	EBA list pursuant to Article 26 (3)
2	Retained earnings	82,973,965	26 (1) (c)
3	Accumulated other comprehensive income (and other reserves, to reflect unrealised gains and losses under applicable accounting standards)	-	26 (1)
3a	Funds for general banking risks	5,000,000	26 (1) f)
4	Amount of the items referred to in Article 484 (3) plus the share premium accounts related to them whose imputation to CET1 expires	-	486 (2)
	State capital injections with grandfathering until 1 January 2018	-	483 (2)
5	Minority interests (allowable amount in consolidated CET1)	-	84, 479, 480
5a	Independently audited interim profits, net of any foreseeable charges or dividends	-	26 (2)
6	**Common Equity Tier 1 (CET1) before regulatory adjustments**	**107,973,965**	
	Common Equity Tier 1 (CET1): regulatory adjustments		
7	Additional value adjustments (negative amount)	-956	34, 105
8	Intangible assets (reduced by corresponding tax liabilities) (negative amount)	-118,521	36 (1) (b), 37, 472 (4)
9	In the EU: empty field		
10	Deferred tax assets that rely on future profitability, except those arising from temporary differences (reduced by corresponding tax liabilities if the conditions of Article 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 472 (5)

11	Fair value reserves related to gains or losses on cash flow hedges	-	33 (a)
12	Negative amounts from the calculation of expected loss amounts	-	36 (1) (d), 40, 159, 472 (6)
13	Increase in equity resulting from securitised assets (negative amount)	-	32 (1)
14	Gains or losses on own liabilities that are valued at fair value that result from changes in own credit standing	-	33 (b)
15	Defined benefit pension fund assets (negative amount)	-	36 (1) (e), 41, 472 (7)
16	Direct and indirect holdings by an institution of own Common Equity Tier 1 instruments (negative amount)	-15,213,464	36 (1) (f), 42, 472 (8)
17	Holdings of the Common Equity Tier 1 instruments of financial sector entities where those entities have a reciprocal cross holding with the institution that has been designed to inflate artificially the own funds of the institution (negative amount)	-	36 (1) (g), 44, 472 (9)
18	Direct and indirect holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment (less than or equal to 10% and less eligible short positions) (negative amount)	-	36 (1) (h), 43, 45, 46, 49 (2) (3), 79, 472 (10)
19	Direct, indirect and synthetic holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution has a significant investment (more than 10% and net of eligible short positions) (negative amount)	-	36 (1) (i), 43, 45, 47, 48 (1) (b), 49 (1) to (3), 79, 470, 472 (11)
20	In the EU: empty field		
20a	Exposure amount of the following items which qualify for a risk weight of 1,250%, where the institution deducts that exposure amount from the amount of Common Equity Tier 1 items as an alternative	-	36 (1) (k)
20b	of which: qualifying holdings outside the financial sector (negative amount)	-	36 (1) (k) (i), 89 to 81
20c	of which: securitisation positions (negative amount)	-	36 (1) (k) (ii) 243 (1) (b) 244 (1) (b) 258
20d	of which: free deliveries (negative amount)	-	36 (1) (k) (iii), 379 (3)
21	Deferred tax assets that rely on future profitability arising from temporary differences (above the threshold of 10%, reduced by corresponding tax liabilities if the conditions of Article 38 (3) are met) (negative amount)	-	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
22	Amount exceeding the threshold of 15% (negative amount)	-	48 (1)
23	of which: direct and indirect holdings by the institution of Common Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment	-	36 (1) (i), 48 (1) (b), 470, 472 (11)
24	In the EU: empty field		

25	of which: deferred tax assets that rely on future profitability resulting from temporary differences	-	36 (1) (c), 38, 48 (1) (a), 470, 472 (5)
25a	Losses for the current financial year (negative amount)	-	36 (1) (a), 472 (3)
25b	Any foreseeable tax charge relating to Common Equity Tier 1 items (negative amount)	-	36 (1) (l)
26	Regulatory adjustments to Common Equity Tier 1 capital in respect of amounts subject to pre-CRR treatment	-	
26a	Regulatory adjustments in connection with unrealised gains and losses pursuant to Articles 467 and 468	-	
	of which: ... deductions and filters for unrealised losses 1	-	467
	of which: ... deductions and filters for unrealised losses 2	-	467
	of which: ... deductions and filters for unrealised gains 1	-	468
	of which: ... deductions and filters for unrealised gains 2	-	468
26b	Amount to be deducted or added from Common Equity Tier 1 capital in respect of additional filters and deductions required under the pre-CRR treatment	-	481
27	Amount of items required to be deducted from Additional Tier 1 items that exceeds the Additional Tier 1 capital of the institution (negative amount)	-	36 (1) (j)
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**-15,332,941**	
29	**Common Equity Tier 1 (CET1)**	**92,641,024**	
	Additional Tier 1 (AT1): instruments		
30	Capital instruments and the share premium accounts related to them	-	51, 52
31	of which: classified as equity according to applicable accounting standards	-	
32	of which: classified as liabilities according to applicable accounting standards	-	
33	Amount of the items referred to in Article 484 (4) plus the share premium accounts related to them whose imputation to AR1 expires	-	486 (3)
	State capital injections with grandfathering until 1 January 2018	-	483 (3)
34	Qualifying Tier 1 instruments included in consolidated Additional Tier 1 capital (including minority interests not included in line 5) issued by subsidiaries and held by third parties	-	85, 86, 480
35	of which: instruments issued by subsidiaries whose imputation expires	-	486 (3)
36	**Additional Tier 1 (AT1) before regulatory adjustments**	**-**	
	Additional Tier 1 (AT1): regulatory adjustments		

37	Direct and indirect positions of an institution in its own Additional Tier 1 instruments (negative amount)	-	52 (1) (b), 56 (a), 57, 475 (2)
38	Holdings of the Additional Equity Tier 1 instruments of financial sector entities where those entities have a reciprocal cross holding with the institution that has been designed to inflate artificially the own funds of the institution (negative amount)	-	56 (b), 58, 475 (3)
39	Direct and indirect holdings by the institution of Additional Equity Tier 1 instruments of financial sector entities where the institution does not have a significant investment (less than or equal to 10% and less eligible short positions) (negative amount)	-	56 (c), 59, 60, 79, 475 (4)
40	Direct and indirect holdings by the institution of Additional Equity Tier 1 instruments of financial sector entities where the institution has a significant investment (more than 10% and less eligible short positions) (negative amount)	-	56 (d), 59, 79, 475 (4)
41	Regulatory adjustments to Additional Tier 1 in respect of amounts subject to pre-CRR treatment and treatments during the transition period subject to phasing-out rules under Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-	
41a	Residual amounts to be deducted from Additional Tier 1 in respect of items to be deducted from Common Equity Tier 1 during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013	-	472, 472(3)(a), 472 (4), 472 (6), 472 (8) (a), 472 (9), 472 (10) (a), 472 (11) (a)
	of which items to be listed line by line, e.g. tangible interim losses (net), intangible assets, defaults on provisions for expected losses, etc.	-	
41b	Residual amounts to be deducted from Additional Tier 1 in respect of items to be deducted from Tier 2 during the transitional period pursuant to Article 475 of Regulation (EU) No 575/2013	-	477, 477 (3), 477 (4) (a)
	of which items to be listed line by line, e.g. cross holdings in Tier 2 instruments, direct positions of non-material holdings in the capital of other financial sector companies, etc.	-	
41c	Amount to be deducted or added from Additional Tier 1 capital in respect of additional deductions and filters and deductions required under the pre-CRR treatment	-	467, 468, 481
	CRR treatment required deductions 467, 468, 481 of which: ... possible deductions and filters for unrealised losses	-	467
	of which: ... possible deductions and filters for unrealised gains	-	468
	of which: …	-	481
42	Amount of items required to be deducted from Tier 2 items that exceeds the Tier 2 capital of the institution (negative amount)	-	56 (e)

43	**Total regulatory adjustments to Additional Tier 1 (AT1)**	**-**	
44	**Additional Tier 1 (AT1)**	**-**	
45	**Tier 1 (T1 = CET1 + AT1)**	**92,641,024**	
	Tier 2 (T2): Instruments and reserves		
46	Capital instruments and the share premium accounts related to them	-	62, 63
47	Amount of the items referred to in Article 484 (5) plus the share premium accounts related to them whose imputation to T2 expires	-	486 (4)
	State capital injections with grandfathering until 1 January 2018	-	486 (4)
48	Qualifying own funds instruments included in consolidated Tier 2 capital (including minority interests and AT1 instruments not included in lines 5 and 34 respectively) issued by subsidiaries and held by third parties	-	87, 88, 480
49	of which: instruments issued by subsidiaries whose imputation expires	-	486 (4)
50	Credit risk adjustments	-	62 (c) and (d)
51	**Tier 2 (T2) before regulatory adjustments**	**-**	
	Tier 2 (T2): regulatory adjustments		
52	Direct and indirect holdings by an institution of own Tier 2 instruments and subordinated loans (negative amount)	-	63 (b) (i), 66 (a), 67, 477 (2)
53	Holdings of the Tier 2 instruments and subordinated loans of financial sector entities where those entities have a reciprocal cross holding with the institution that has been designed to inflate artificially the own funds of the institution (negative amount)	-	66 (b), 68, 477 (3)
54	Direct and indirect holdings by the institution of Tier 2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment (less than or equal to 10% and less eligible short positions) (negative amount)	-	66(c), 69, 70, 79, 477 (4)
54a	of which: new positions not subject to transitional provisions	-	
54b	of which: Positions existing before 1 January 2013 and subject to transitional provisions	-	
55	Direct and indirect holdings by the institution of Tier 2 instruments and subordinated loans of financial sector entities where the institution has a significant investment (negative amount)	-	66 (d), 69, 79, 477 (4)
56	Regulatory adjustments to Tier 2 in respect of amounts subject to pre-CRR treatment and treatments during the transition period subject to phasing-out rules under Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-	
56a	Residual amounts to be deducted from Tier 2 in respect of items to be deducted from Common	-	472, 472(3)(a), 472 (4), 472 (6), 472 (8)

	Equity Tier 1 during the transitional period pursuant to Article 472 of Regulation (EU) No 575/2013		(a), 472 (9), 472 (10) (a), 472 (11) (a)
	Transitional provision Nominal preferred shares according to art. 486(1)	-	
56b	Residual amounts to be deducted from Tier 2 in respect of items to be deducted from Additional Tier 1 during the transitional period pursuant to Article 475 of Regulation (EU) No 575/2013	-	475, 475 (2) (a), 475 (3), 475 (4) (a)
	Direct, indirect and synthetic holdings by the institution of the Additional Tier 1 instruments of financial sector entities where the institution has a significant investment in those entities, excluding underwriting positions held for five working days or fewer in accordance with Article 56 d) of Regulation (EU) No 575/2013	-	
56c	Amount to be deducted or added from Tier 2 in respect of additional deductions and filters and in accordance with the deductions required prior to CRR treatment	-	467, 468, 481
	of which: ... possible deductions and filters for unrealised losses	-	467
	of which: ... possible deductions and filters for unrealised gains	-	468
	of which: …	-	481
57	**Total regulatory adjustments to Tier 2 (T2)**	**-**	
58	**Tier 2 (T2)**	**-**	
59	**Total equity (TC = T1 + T2)**	**92,641,024**	
59a	Risk-weighted assets in respect of amounts subject to pre-CRR treatment and treatments during the transition period subject to phasing-out rules under Regulation (EU) No 575/2013 (i.e. CRR residual amounts)	-	
	of which: ... items not deducted from Common Equity Tier 1 (Regulation (EU) No 575/2013, residual amounts) (items to be listed line by line, e.g. deferred tax assets that rely on future profitability, reduced by corresponding tax liabilities, indirect positions in own Common Equity Tier 1 instruments, etc.)	-	472, 472 (5), 472 (8) (b), 472 (10) (b), 472 (11) (b)
	of which: ... items not deducted from Additional Tier 1 items (Regulation (EU) No 575/2013, residual amounts) (items to be listed line by line, e.g. cross holdings in Tier 2 instruments, direct positions of non-material holdings in the capital of other financial sector companies, etc.)	-	475, 475 (2) (b), 475 (2) (c), 475 (4) (b)
	of which: ... items not deducted from Tier 2 items (Regulation (EU) No 575/2013, residual amounts) (items to be listed line by line, e.g. indirect positions in own Tier 2 instruments, indirect positions of non-material holdings in the capital of other financial sector companies, indirect positions of material	-	477, 477 (2) (b), 477 (2) (c), 477 (4) (b)

	holdings in the capital of other financial sector companies, etc.)		
60	**Total risk-weighted assets**	**450,838,062**	
	Capital ratios and buffers		
61	**Common Equity Tier 1 capital ratio (expressed as a percentage of the total risk exposure amount)**	**20.55%**	92 (2) (a), 465
62	**Tier 1 capital ratio (expressed as a percentage of the total risk exposure amount)**	**20.55%**	92 (2) (b), 465
63	**Total capital ratio (expressed as a percentage of the total risk exposure amount)**	**20.55%**	92 (2) c)
64	**Institution-specific capital buffer requirement (minimum Common Equity Tier 1 capital ratio requirement under Article 92 (1) (a), plus capital conservation buffer and countercyclical capital buffer requirements, systemic risk buffer requirements and systemically important institution (G-SII or O-SII) buffer requirements, expressed as a percentage of the total risk exposure amount)**	**7.26%**	CRD 128, 129, 130
65	**of which: capital conservation buffer**	**2.50%**	
66	**of which: countercyclical capital buffer**	**0.20%**	
67	**of which: systemic risk buffer**	**0.06%**	
67a	**of which: buffers for global systemically important institutions (G-SIIs) or other systemically important institutions (O-SIIs)**	**-**	CRD 131
68	Available Common Equity Tier 1 for the buffers (expressed as a percentage of the total risk exposure amount)	20.55%	
69	[not relevant in EU regulation]		
70	[not relevant in EU regulation]		
71	[not relevant in EU regulation]		
	Amounts below the thresholds for deductions (before risk weighting)		
72	Direct and indirect holdings by the institution of capital instruments of financial sector entities where the institution does not have significant investments (less than or equal to 10% and less eligible short positions)	-	36 (1) (h), 45, 46, 472 (10), 56 (c), 59, 60, 475 (4), 66 (c), 69, 70, 477 (4)
73	Direct and indirect holdings by the institution of capital instruments of financial sector entities where the institution has a significant investment (more than 10% and less eligible short positions)	-	36 (1) (i), 45, 48, 470, 472 (11)
74.	In the EU: empty field		
75	Deferred tax assets that rely on future profitability arising from temporary differences (under the threshold of 10%, reduced by corresponding tax liabilities if the conditions of Article 38 (3) are met amount)	-	36 (1) (c), 38, 48, 470, 472 (5)
	Applicable limits for the inclusion of value adjustments in Tier 2		
76	Credit risk adjustments allowable against Tier 2 in respect of exposures subject to the Standardised Approach (before application of the limit)	-	62

77	Upper limit for the imputation of credit risk adjustments to Tier 2 under the Standardised Approach	-	62
78	Credit risk adjustments allowable against Tier 2 in respect of exposures subject to the Internal Ratings Based Approach (before application of the limit)	-	62
79	Upper limit for the imputation of credit risk adjustments to Tier 2 under the Internal Ratings Based Approach	-	62
	Equity instruments subject to the phasing-out rules (applicable only from 1 January 2014 to 1 January 2022)		
80	Current limit for CET1 instruments subject to the phasing-out rules	-	484 (3), 486 (2) and (5)
81	Amount excluded from CET1 due to cap (amount above cap after redemptions and maturities)	-	484 (3), 486 (2) and (5)
82	Current limit for AT1 instruments subject to the phasing-out rules	-	484 (4), 486 (3) and (5)
83	Amount excluded from AT1 due to cap (amount above cap after redemptions and maturities)	-	484 (4), 486 (3) and (5)
84	Current limit for T2 instruments subject to the phasing-out rules	-	484 (5), 486 (4) and (5)
85	Amount excluded from T2 due to cap (amount above cap after redemptions and maturities)	-	484 (5), 486 (4) and (5)

The regulatory own funds of BENDURA BANK AG consist exclusively of Common Equity Tier 1 (CET1) capital and are essentially made up of paid-in capital and retained earnings. The amounts to be deducted in accordance with Art. 36 (1) CRR are deducted in full from Common Equity Tier 1. Part 10 Title I CRR concerning the transitional provisions shall not apply.

The treasury shares in the fixed assets as at 31 December 2023 relate to registered shares of BENDURA BANK AG.

Main features of the capital instruments			
Common Equity Tier 1 (CET1)			
Designation		**Ordinary shares Nominal value**	**Capital reserve and retained earnings:**
1	**Issuer**	BENDURA BANK AG	BENDURA BANK AG
2	**ISIN**	LI0408681513	-
3	**Law applicable to the instrument**	Liechtenstein law	Liechtenstein law
4	**CRR transitional arrangements**	Common Equity Tier 1 (CET 1)	Common Equity Tier 1 (CET 1)
5	**CRR regulations after the transition period**	Common Equity Tier 1 (CET 1)	Common Equity Tier 1 (CET 1)
6	**Allowable at solo/group/solo and group level**	Solo	Solo
7	**Instrument type**	Fully paid up Share capital	Capital reserves and retained earnings

8	**Amount allowable against regulatory own funds (currency in millions, as at last reporting date)**	20	94
9	**Nominal value of the instrument (in millions)**	20	94
9a	**Issue price (currency in millions)**	20	94
9b	**Redemption price**	-	-
10	**Accounting classification (disclosure of balance sheet classification)**	Equity	Equity
11	**Original issue date**	1998	-
12	**Unlimited or with expiry date**	Unlimited	Unlimited
13	**Original maturity date**	-	-
14	**Callable by issuer with prior supervisory approval**	No	No
15	**Optional call date, contingent call dates and redemption amount (indicating whether there is an issuer call option)**	-	-
16	**Later call dates, if applicable**	-	-
	Coupons / Dividends		
17	**Fixed or variable dividend/coupon payments**	Variable	-
18	**Nominal coupon and any reference index**	-	-
19	**Existence of a "dividend stop**	-	-
20a	**Indication of whether the payment of a dividend can be determined by the issuer on a fully discretionary, partially discretionary or mandatory (timing) basis**	Fully discretionary	-
20b	**Indication of whether the amount of the dividend can be determined by the issuer on a fully discretionary, partially discretionary or mandatory (timing) basis**	Fully discretionary	-
21	**Existence of a cost increase clause or other redemption incentive**	-	-
22	**Non-cumulative or cumulative**	-	-
23	**Convertible or non-convertible**	Non-convertible	Non-convertible
24	**If convertible: trigger for the conversion**	-	-
25	**If convertible: in whole or in part**	-	-
26	**If convertible: conversion rate**	-	-

27	**If convertible: conversion obligatory or optional**	-	-
28	**If convertible: type of instrument being converted to**	-	-
29	**If convertible: issuer of the instrument into which it is being converted**	-	-
30	**Write-down features**	-	-
31	**In case of write-down: trigger for the downgrade**	-	-
32	**In case of write-down: in whole or in part**	-	-
33	**In case of write-down: permanent or temporary**	-	-
34	**In the event of temporary downgrading: write-up mechanism**	-	-
35	**Position in the ranking order in the event of liquidation (name the higher-ranking instrument in each case)**	-	-
36	**Non-compliant features of the converted instruments**	-	-
37	**If applicable, name any non-compliant features**	-	-

6. Article 438 CRR Capital requirements

The bank uses the Credit Risk Standardised Approach (CRSA) in accordance with Part 3, Title II, Chapter 2 CRR to calculate the own funds requirement for credit and counterparty risks. The basic indicator approach pursuant to Article 315 CRR is used to calculate the own funds requirement for operational risks. The market price exposures are backed with own funds in accordance with the standard procedures specified in Part 3, Title IV CRR. The own funds requirements for CVA risk are calculated using the standard method in accordance with Article 384 CRR.

The following table presents an overview of the total RWA, which form the denominator of the risk-based own-funds requirements in accordance with Article 92 CRR.

EU OV1 - Overview of risk-weighted assets (RWA)					
			RWA		Minimum own funds requirements
			31/12/2023	T - 1	31/12/2023
	1	Credit risk without CRR	359,814,524	364,771,699	28,785,162
Article 438 (c) and (d)	2	Of which in the StA	359,814,524	364,771,699	28,785,162
Article 438 (c) and (d)	3	Of which under the foundation IRB approach (FIRB)	-		
Article 438 (c) and (d)	4	Of which under the advanced IRB approach (AIRB)	-		
Article 438 (d)	5	Of which participations under the IRB approach according to the simple risk weighting approach or the IMA	-		
Article 107 Article 438 (c)	6	Counterparty credit risk (CCR)	2,338,886	2,763,562	187,111
Article 438 (c)	7	Of which according to the Mark-to-Market Method	-	-	-
Article 438 (c)	8	Of which according to the Original Exposure Method	-	-	-
	9	Of which according to the standard method	-	-	-
	10	Of which according to the Internal Model Method (IMM)	-		
Article 438 (c)	11	Of which risk-weighted exposure amount for contributions to the default fund of a CCP	-	-	-
Article 438 (c)	12	Of which CVA	2,338,886	2,763,562	187,111
Article 438 (e)	13	Settlement risk (only for large trading books)	-	-	-
Article 449 (o) (i)	14	Securitisation positions in the non-trading book (after application of the upper limit)	-	-	-
	15	Of which under the IRB approach	-		
	16	Of which under the Supervisory Formula Approach (SFA) to IRB	-		

	17	Of which under the Internal Assessment Approach (IAA)	-		
	18	Of which under the Standardised Approach	-	-	-
Article 438 (e)	19	Market risk	3,417,542	8,231,106	273,403
	20	Of which under the Standardised Approach	3,417,542	8,231,106	273,403
	21	Of which under the IMC	-		
Article 438 (e)	22	Large exposures	-	-	-
Article 438 (f)	23	Operational risk	85,267,109	75,244,228	6,821,369
	24	Of which under the Basic Indicator Approach	85,267,109	75,244,228	6,821,369
	25	Of which under the Standardised Approach	-		
	26	Of which under the Advanced Measurement Approach	-		
Article 437(2), Article 48	27	Amounts below the limits for deductions (subject to a 250% risk weighting)	-	-	-
Article 500	28	Adjustment of the lower limit	-	-	-
	29	**Total**	**450,838,062**	**451,010,595**	**36,067,045**

RWA (T-1): The RWA disclosed in the previous interim period.

7. Article 439 CRR Exposure to counterparty credit risk

Derivative transactions comprise currency forwards, currency swaps and the exercise of options on the balance sheet date.

Derivative financial instruments are, as a basic principle, used exclusively in client transactions and as hedging transactions. The derivatives that may be used for risk management are described in the risk policy regulations. Such transactions are only conducted with counterparties with a good credit rating. All limits with partner banks must be approved by the Board of Directors.

The replacement values of all derivative financial instruments entered into for the bank's own account are reported at fair value. These replacement values are shown gross in the balance sheet, under off-balance sheet transactions and in the notes to the annual financial statements – i.e. the positive and negative replacement values are not offset. The notes to the annual financial statements also show gross contract volume. With regard to the amount of contract volume disclosed and the replacement values of derivative financial instruments, the bank, in accordance with Article 434 (2) CRR, refers to their disclosure in the notes to the annual financial statements.

Counterparty risks resulting from a deterioration of credit standing due to an increase in counterparty credit spreads are taken into account via a credit valuation adjustment (CVA risk) and are reflected in the calculation of the own funds requirement. BENDURA BANK AG calculates its own funds requirement for CVA risk using the standard method. As at 31 December 2023, this requirement totalled CHF 187,111.

Corresponding balances have been agreed for the cash margins (collateral security) required for the settlement of derivative transactions for clients with various trading partners. Compliance with the limits is monitored on an ongoing basis and in the event of deviations or violations, the responsible Board member is informed immediately. Derivative transactions are usually executed on the basis of the ISDA Master Agreement.

At BENDURA BANK AG, only the Standardised Approach for counterparty credit risk (SA-CCR) is used in accordance with Art. 274 et seq. CRR.

There is no hedging in the form of credit derivatives.

8. Article 440 CRR Capital buffers

In accordance with Art. 4a (1) (a) in conjunction with Art. 4b BankG, all Liechtenstein banks must maintain a capital conservation buffer of 2.50% from Common Equity Tier 1. The buffer is intended to ensure that banks build up a sufficient capital base in times of economic growth, which enables them to absorb losses in difficult times. As at 31 December 2023, the capital conservation buffer requirement was CHF 11,270,952.

In accordance with Art. 4b (1) (a) in conjunction with Art. 4c-4g BankG, all Liechtenstein banks must maintain an institution-specific countercyclical capital buffer of up to 2.50% from Common Equity Tier 1. The buffer is intended to counteract the risks from excessive credit growth. The institution-specific countercyclical capital buffer is calculated as the weighted average of the countercyclical buffer ratios applicable in the countries in which the bank's material credit risk exposures are located:

- For domestic receivables, the buffer rate set by the FMA applies, which is determined in steps of 25 basis points or a multiple thereof in accordance with Article 4d (4) BankG.
- For foreign receivables, the buffer rate (Art. 4g (1) BankG) specified there applies in principle. Buffer rates of up to 2.50% must be automatically applied reciprocally in the EU and third countries. Pursuant to Article 4g (2) BankG, higher rates need only be taken into account if the Liechtenstein government recognises them at the request of the FMA Liechtenstein.
- The institution-specific countercyclical capital buffer for the country of Liechtenstein remains unchanged at 0%.

The requirement for the institution-specific countercyclical capital buffer amounts to CHF 921,191 as at 31 December 2023 (institution-specific countercyclical capital buffer of 0.20%).

Banks that issue mortgage loans for residential and commercial properties located in Liechtenstein must also maintain a sectoral systemic risk buffer in addition to Common Equity Tier 1 for the purpose of complying with the own funds requirements in accordance with Art. 92 of Regulation (EU) No 575/2013. The sectoral systemic risk buffer rate is 1.00% of the risk amount of all issued mortgage loans for residential and commercial properties located in Liechtenstein. The rate for the systemic risk buffer according to Art. 4 BankV amounts to 0.06% for BENDURA BANK AG. As at 31 December 2023, the systemic risk buffer requirement was CHF 271,775.

The Financial Market Authority Liechtenstein (FMA) has mandated additional own funds in order to safeguard own funds based on the results of the auditing and assessment of the risk management and the risk cover pursuant to Art. 35a BankG (SREP). BENDURA BANK has been instructed to maintain additional own funds equivalent to 3.50% of the total risk exposure at all times.

As at the reporting date of 31 December 2023, the above legal standards result in an Overall Capital Requirement (OCR) of 14.26 per cent.

9. Article 441 CRR Indicators of global systemic importance

BENDURA BANK AG has neither been classified as a global (G-SII) nor as an other systemically important institution (O-SII). Consequently, this Article is not applicable.

10. Article 442 CRR Credit risk adjustments

A default pursuant to Art. 178 CRR is deemed to have occurred with regard to a particular obligor if one or both of the following cases has/have taken place: The institution considers that the obligor is unlikely to pay its credit obligations to the institution, the parent undertaking or any of its subsidiaries in full, without recourse by the institution to actions such as realising security. The obligor is more than 90 days past due on any material credit obligation to the institution, the parent undertaking or any of its subsidiaries.

The risks in the lending business are taken into account by forming valuation reserves. Risks in the off-balance sheet lending business are taken into account through the formation of provisions. In this process, all assets that are significant in their own right are assessed for a specific value adjustment requirement. Indicators of a need for value adjustment include, but are not limited to, default in payment, failed reorganisation measures, impending insolvency and over-indebtedness, deferral of or waiver of payment obligations of the borrower, opening of insolvency proceedings, etc.

Claims at risk of default – where obligors are unlikely to be able to meet their obligations in the future – are valued individually, and individual value adjustments are made for the reduction in value. Off-balance sheet transactions are included in this valuation. Loans are deemed to be at risk of default if the contractually agreed payments for capital and/or interest are more than 90 days in arrears. Interest more than 90 days in arrears is subject to a value adjustment, and is only recorded in the income statement when it is paid. Loans are shown as without interest where recovery of the interest is so unlikely that there is no longer any point in its deferral.

The value adjustment process is based on the difference between the book value of the claim and the probable recoverable amount, taking into account counterparty risk and the net proceeds from the realisation of any collateral. If the realisation process is expected to take longer than one year, the estimated realisation proceeds are discounted to the balance sheet date. The individual value adjustments are deducted directly from the corresponding asset items.

If a claim is classified as entirely or partly unrecoverable or a waiver is granted, the claim is derecognised at the expense of the corresponding value adjustment. Recoveries of amounts previously derecognised are recorded in the income statement.

As is apparent from the 2023 annual report, value-adjusted client claims amounted to around CHF 901,000 as at 31 December 2023 (previous year CHF 170,000). Non-performing and deferred exposures within the meaning of the EBA Guidelines (EBA/GL/2018/10) are not disclosed due to their insignificance.

The following table shows the net and average values of the net exposures in accordance with Art. 442 (c) CRR:

Total amount and average net amount of exposures			
		a	b
		Net value of exposures at the end of the reporting period	Average of net exposures over the reporting period
1	Central governments or central banks	-	-
2	Institutions	-	-
3	Companies	-	-
4	Of which: specialist financing	-	-
5	Of which: SMEs	-	-
6	Retail business	-	-
7	Receivables secured by real estate	-	-
8	SMEs	-	-
9	Non-SMEs	-	-
10	Qualified revolving	-	-
11	Other retail business	-	-
12	SMEs	-	-
13	Non-SMEs	-	-
14	Participation exposures	-	-
15	**Total amount under the IRB approach**	**-**	**-**
16	Central governments or central banks	402,989,737	173,096,275
17	Regional or local authorities	4,201,483	4,451,737
18	Public bodies	-	-
19	Multilateral development banks	31,538,740	32,239,436
20	International organisations	36,710,082	43,154,763
21	Institutions	261,847,720	455,137,977
22	Companies	129,049,999	166,923,227
23	Retail business	77,660,057	59,439,342
24	Secured by real estate	245,003,676	257,666,903
25	Defaulted exposures	4,787,507	1,632,945
26	Positions associated with particularly high risk	956,532	1,013,941
27	Covered bonds	-	3,750,000
28	Exposures vis-à-vis institutions and companies with short-term credit ratings	-	-
29	Undertakings for collective investment	-	-
30	Participation exposures	3,664,613	2,676,149
31	Other items	65,201,528	62,421,855
32	**Total amount under the standard approach**	**1,263,611,673**	**1,263,604,550**
33	**Total**	**1,263,611,673**	**1,263,604,550**

In accordance with Art. 442 (d) CRR, the following table breaks down the exposures geographically:

Geographical breakdown of exposures										
	Liechten-stein	**Switzerland**	**Europe**	**North America**	**Caribbean**	**Asia**	**Oceania**	**Latin America**	**Africa**	**Total**
Central governments or central banks	-	-	-	-	-	-	-	-	-	-
Institutions	-	-	-	-	-	-	-	-	-	-
Companies	-	-	-	-	-	-	-	-	-	-
Retail business	-	-	-	-	-	-	-	-	-	-
Participation exposures	-	-	-	-	-	-	-	-	-	-
Total amount under the IRB approach	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central governments or central banks	-	336,986,337	60,453,168	-	-	5,550,232	-	-	-	402,989,737
Regional or local authorities	-	-	-	-	-	4,201,483	-	-	-	4,201,483
Public bodies	-	-	-	-	-	-	-	-	-	-
Multilateral development banks	-	-	9,264,182	8,409,450	-	13,865,109	-	-	-	31,538,740
International organisations	-	-	36,710,082	-	-	-	-	-	-	36,710,082
Institutions	-	143,239,814	97,802,577	9,019,630	-	9,262,700	2,523,000	-	-	261,847,720
Companies	13,513,201	589,133	40,752,635	54,018,950	10,088,300	10,087,780	-	-	-	129,049,999
Retail business	27,094,353	2,070,917	24,453,295	4,268,440	16,165,877	2,380,579	9,295	237,095	980,205	77,660,057
Secured by real estate	20,377,929	78,821,011	145,804,736	-	-	-	-	-	-	245,003,676
Defaulted exposures	1,804	4,785,272	431	-	-	-	-	-	-	4,787,507
Positions associated with particularly high risk	956,532	-	-	-	-	-	-	-	-	956,532
Covered bonds	-	-	-	-	-	-	-	-	-	-
Exposures vis-à-vis institutions and companies with short-term credit ratings	-	-	-	-	-	-	-	-	-	-
Undertakings for collective investment	-	-	-	-	-	-	-	-	-	-
Participation exposures	471,000	-	955,490	-	-	2,238,123	-	-	-	3,664,613

Other items	65,201,528	-	-	-	-	-	-	-	-	65,201,528
Total amount under the Standardised Approach	**127,616,347**	**566,492,483**	**416,196,596**	**75,716,470**	**26,254,177**	**47,586,005**	**2,532,295**	**237,095**	**980,205**	**1,263,611,673**
Total	**127,616,347**	**566,492,483**	**416,196,596**	**75,716,470**	**26,254,177**	**47,586,005**	**2,532,295**	**237,095**	**980,205**	**1,263,611,673**

11. Article 443 CRR Unencumbered assets

Assets are considered encumbered or committed if they are not freely available to the bank. This is the case, for example, if they have been lent or serve as collateral for potential obligations from the derivative transaction. BENDURA BANK AG only enters into such transactions to a relatively small extent, therefore encumbered assets do not have a significant impact on the business model.

The values shown are reporting date values as at 31 December 2023 and not average values (median), as the amount of the encumbered assets only shows a low variability. The encumbered and unencumbered assets as at 31 December 2023 are shown below.

		Carrying amount of the encumbered assets	Fair value of the encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
		010	040	060	090
010	Assets of the reporting institution	82,046,262		1,154,203,473	
030	Equity instruments	-	-	956,532	956,532
040	Debt instruments	62,048,511	60,129,312	140,497,504	138,870,190
120	Other assets	-		85,745,559	
		Fair value of the encumbered collateral received or own debt instruments issued	Fair value of collateral received or own debt instruments issued eligible for encumbrance		
		010	040		
130	Collateral received by the reporting institution	-	-		
150	Equity instruments	-	-		

160	Debt instruments	-	-		
230	Other collateral received	-	-		
240	Own debt instruments issued other than own mortgage bonds or ABS	-	-		

12. Article 444 CRR Use of ECAIs

The following information shall be disclosed for each of the exposure classes specified in Article 112 CCR for which risk-weighted exposure amounts are calculated in accordance with Part 3, Title II, Chapter 2 of the CRR:

Article 444 (a)	**a)**	**the names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) and the reasons for any changes during the reporting period;** In accordance with Art. 444 CRR, the ratings of SERV (Swiss Export Risk Insurance) are used to determine the creditworthiness of counterparties.
Article 444 (b)	**b)**	**the exposure classes for which each ECAI or ECA is used;** Exposures to central governments or central banks Exposures to regional or local authorities Exposures to public authorities Exposures to multilateral development banks Exposures to institutions Exposures to companies
Article 444 (c)	**c)**	**a description of the process used to transfer the issuer and issue credit assessments onto comparable assets included in the non-trading book;** The process used to transfer the issuer and issue ratings onto items not included in the trading book complies with the requirements of Article 139 CRR.
Article 444 (d)	**d)**	**the association of the alphanumeric scale used by the relevant agency with the credit quality steps prescribed in Part 3, Title II, Chapter 2 of the CRR (unless the institution complies with the standard association published by EBA).** At BENDURA BANK AG, the standard association pursuant to Article 136 CRR is used.

When Article 444 (e) CRR is applied, the allocation of the claim values before credit risk mitigation as at 31/12/2023 is as follows:

Standardised Approach										
		Risk weight								
	Exposure classes	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**250%**
1	Central governments or central banks	397,775,642	-	1,008,993	-	4,205,102	-	-	-	-
2	Regional or local authorities	-	-	-	-	4,201,483	-	-	-	-
3	Public bodies	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	17,238,067	-	8,555,483	-	5,745,190	-	-	-	-
5	International organisations	36,710,082	-	-	-	-	-	-	-	-
6	Institutions	-	-	261,847,720	-	-	-	-	-	-
7	Companies	13,435,027	-	-	-	-	-	115,614,971	-	-
8	Retail business	35,648,434	-	-	-	-	42,011,623	-	-	-
9	Secured by real estate	-	-	-	161,910,328	65,685,067	-	17,408,281	-	-
10	Defaulted exposures	-	-	-	-	-	-	1,533,333	3,252,369	-
11	Positions associated with particularly high risk	-	-	-	-	-	-	-	956,532	-
12	Covered bonds	-	-	-	-	-	-	-	-	-
13	Institutions and companies with short-term credit ratings	-	-	-	-	-	-	-	-	-
14	Undertakings for collective investment	-	-	-	-	-	-	-	-	-
15	Participation exposures	-	-	-	-	-	-	2,389,321	-	1,275,292
16	Other items	5,855,737	-	-	-	-	-	59,345,791	-	-
17	**TOTAL**	**506,664,794**	**-**	**271,412,196**	**161,910,328**	**79,836,841**	**42,011,623**	**196,291,698**	**4,208,901**	**1,275,292**

13. Article 445 CRR Market risk

Market risks are all systematic risks that result from price changes on money markets, capital markets and commodity markets.

Market risks are calculated at BENDURA BANK AG using the Standardised Approach in accordance with Art. 325 ff. CRR.

Market risk

		a	b
		RWA	Own funds requirements
	Simple products	3,417,542	273,403
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Exchange rate risk	3,403,028	272,242
4	Commodity risk	14,514	1,161
	Options	-	-
5	Simplified approach	-	-
6	Delta-Plus method	-	-
7	Scenario approach	-	-
8	Securitisation (specific risk)	-	-
9	**TOTAL**	3,417,542	273,403

14. Article 446 CRR Operational risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risks. Operational risks of a legal nature result from the breach or lack of enforceability of contractual agreements as well as IT, compliance and control risks.

Operational and legal risks are restricted by means of internal rules and directives regarding organisation and control as well as through internal control (dual-control principle, separation of functions, Compliance Officer, Risk Controlling function, IT support, etc.). External consultants are sometimes used to limit legal risks.

The Basic Indicator Approach pursuant to Article 315 CRR is used to calculate the operational risk. The approach uses items in the profit and loss account that form the so-called relevant indicator. When the Basic Indicator Approach is used, the own funds requirement amounts to a flat rate of 15 per cent~~%~~ of the three-year average of this relevant indicator. Here, however, the relevant indicator's values need to have been positive in the previous three years. If this is not the case, only the average of the relevant indicator's positive values in the years they were recorded is calculated. As at the disclosure date of 31 December 2023, the regulatory own funds requirement amounted to CHF 6,821,369 with risk-weighted assets of CHF 85,267,109.

An advanced measurement approach is not applied.

15. Article 447 CRR Exposures in equities not included in the trading book

Risks from holdings and participations refers to potential losses that could be incurred when equity is made available.

With regard to participations of BENDURA BANK AG, please refer to Chapter 4 as well as to the annual report, which can be accessed at www.bendura.li/en/kategorie/business-reports-en/.

16. Article 448 CRR Exposure to interest rate risk on positions not included in the trading book

Interest rate changes harbour risks due to the fact that BENDURA BANK AG mainly finances long-term loans with client funds. In order to actively manage the interest rate risk, on-balance-sheet business is generally structured with matching maturities, taking fixed-interest periods into account. The interest rate risk has a lower level of significance as a result.

In accordance with regulatory requirements, the impact of interest rate shocks on the economic value of the non-trading book is simulated on a regular basis. To do this, the bank uses eight standardised interest rate shock scenarios to calculate a sudden and unexpected interest rate change, which can be broken down as follows:

- Two standardised interest rate shock scenarios in accordance with EBA/GL/2018/02 point 113 (“Supervisory outlier test”)
- Six standardised interest rate shock scenarios in accordance with EBA/GL/2018/02 point 114 and Annex III (“early warning indicators”)

From the reporting date of 30 June 2022 onwards, the changes in net interest income must be reported in addition to the changes in present value. The change in income must correspond to the difference in expected incomes within a base scenario and the expected incomes within an internal, alternative, more negative shock or stress scenario, based on the assumption of the company’s continuation (cf. EBA/GL/2018/02, point 15).

The risk policy stipulates a limitation within the standardised interest rate shock scenarios. Hedging instruments such as interest rate swaps may be used if necessary. Within the framework of the financial risk management approach, interest rate risks are controlled by the Asset-Liability Committee (ALCO) and monitored by the bank’s risk management function. To this end, the above scenarios are calculated on a daily basis and provided to the responsible bodies within the bank. Within the framework of the quarterly risk report by the Risk Management department, which is addressed to the Management Board and the Board of Directors, the results or developments of the interest rate risks for non-trading book transactions are assessed and described in more detail.

The EU IRRBB1 table shows the risks arising from potential interest rate changes and their effects on the commercial value of equity and the net interest income as at 31 December 2023.

Supervisory shock scenarios		a	b	c	D
		Changes in the commercial value of equity		Changes in net interest income	
		Current period	Previous period	Current period	Previous period
1	Parallel shock up	-2,639,580	-	1,647,055	-
2	Parallel shock down	1,469,578	-	-1,610,411	-
3	Steepener shock	-1,141,916	-		
4	Flattener shock	218,474	-		
5	Shock up in short-term interest rates	-619,343	-		
6	Shock down in short-term interest rates	-112,752	-		

17. Article 449 CRR Exposure to securitisation positions

As BENDURA BANK holds neither receivables nor liabilities from securitisation positions, there is no disclosure of information pursuant to Art. 449 CRR.

18. Article 450 CRR Remuneration policy

The remuneration policy of BENDURA BANK AG is derived from the business policy and aims to promote the commitment of employees through suitable incentive structures and thus contribute to sustainable business success. The remuneration policy is therefore characterised by a balanced weighting of both monetary salary components and non-monetary incentive factors.

The monetary salary components consist of two parts, an agreed fixed annual salary plus a contractually agreed bonus base. In compliance with the provisions contained in the employees' employment contracts, the Management Board decides whether employees are to receive a performance bonus for the preceding financial year and, if so, how much. This decision is made annually and at the Management Board's discretion, and with due consideration of the employee's work performance, the performance of the department in question, the bank's result and market conditions. For the members of the Executive Board and the head of the internal audit, the Board of Directors is responsible for making this decision.

As part of the bank's strategic orientation and long-term commitment to its employees, an employee participation programme has been implemented. This gives employees the opportunity to draw half of their bonus for the previous financial year in the form of shares in BENDURA BANK AG, in which case the total bonus amount is increased by 50%. Employee shares are subject to a vesting period of three years from the time of acquisition, during which time the acquirer may not dispose of the shares. The objective of the employee participation programme is to incentivise employees to work towards the long-term success of the bank.

The basic salary is based on job profiles and levels and is structured on the basis of the respective requirements, competences and responsibilities as well as the experience and past performance of the employee in accordance with the principle of market conformity.

Within the framework of the risk policy, the remuneration policy was designed according to the principle that no incentives are created for excessive risk-taking that is incompatible with the bank's risk profile. The option to set up a voluntary remuneration committee has been made use of at BENDURA BANK AG.

An overview of the salaries paid and the remuneration of the executive bodies can be found in the annual report available on the website of BENDURA BANK AG. No remuneration in excess of EUR 1 million (“high earners”) was paid in the 2023 financial year.

19. Article 451 CRR Leverage

BENDURA BANK AG measures the risk of excessive leverage by calculating the leverage ratio in accordance with Art. 429 CRR. Paragraphs 2 and 3 of Article 499 shall not apply. The leverage ratio is determined regularly and reported to the Management Board. To manage the risk, an internal limit (early warning indicator) for the leverage ratio of 3.8% was set. The leverage ratio as at 31/12/2023 was 7.5% (previous year: 7.7%).

The leverage ratio was calculated as follows as at 31/12/2023:

Summarised reconciliation between on-balance sheet assets and exposures for the leverage ratio		
		Value to be applied
1	Total assets according to published financial statements	1,236,249,736
2	Adjustment for companies consolidated for accounting purposes but not included in the scope of prudential consolidation	-
3	(Adjustment for fiduciary assets recognised on the balance sheet under the applicable accounting framework but excluded from the total exposure measure of the leverage ratio under Article 429 (13) of Regulation (EU) No 575/2013)	-
4	Adjustments for derivative financial instruments	6,682,130
5	Adjustment for securities financing transactions (SFT)	-
6	Adjustment for off-balance sheet items (i.e. conversion of off-balance sheet exposures into credit equivalent amounts)	22,291,685
EU-6a	(Adjustment for intragroup exposures that are excluded from the total exposure measure of the leverage ratio under Article 429 (7) of Regulation (EU) No 575/2013)	-
6b	(Adjustment for exposures that are excluded from the total exposure measure of the leverage ratio under Article 429 (14) of Regulation (EU) No 575/2013)	-

7	Other adjustments	-31,099,941
8	**Total exposure measure of the leverage ratio**	**1,234,123,609**

Standard disclosure of the leverage ratio		
		Exposures for the CRR leverage ratio
On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral)	1,220,482,735
2	(Asset amounts deducted when determining Tier 1 capital)	-15,332,941
3	**Total on-balance-sheet exposures (excluding derivatives, SFTs and fiduciary assets) (sum of lines 1 and 2)**	**1,205,149,794**
Exposures from derivatives		
4	Replacement value of all derivative transactions (i.e. excluding eligible variation margins received in cash)	1,400,506
5	Premiums for the potential future replacement value in relation to all derivative transactions (mark-to-market method)	5,281,623
EU-5a	Exposure according to the Original Exposure Method	-
6	Addition of the amount of collateral posted in connection with derivatives deducted from balance sheet assets under the applicable accounting framework	-
7	(Deductions from receivables for variation margins received in cash for derivative transactions)	-
8	(Excluded Central Counterparties (CCP) portion of client-cleared trading exposures)	-
9	Adjusted effective notional value of written credit derivatives	-
10	Netting of the adjusted effective notional amounts and deductions of the premiums for written credit derivatives)	-
11	**Total exposures from derivatives (sum of lines 4 to 10)**	**6,682,130**
Exposures from securities financing transactions (SFT)		
12	Gross assets from SFTs (without recognition of netting), after adjustment for transactions accounted for as sales	-
13	(Offset amounts of cash liabilities and receivables from gross assets from SFT)	-
14	Counterparty credit risk for SFT assets	-
EU-14a	Deviating regulation for SFT: Counterparty credit risk pursuant to Article 429b (4) and Article 222 of Regulation (EU) No 575/2013	-
15	Exposures from transactions carried out as agent	-
EU-15a	(Excluded CCP portion of client-cleared SFT exposures)	-
16	**Total exposures from securities financing transactions (sum of lines 12 to 15a)**	**-**
Other off-balance sheet exposures		
17	Off-balance sheet exposures at gross nominal value	44,620,726
18	(Adjustments for conversion into credit equivalent amounts)	-22,329,041

19	**Other off-balance sheet exposures (sum of lines 17 and 18)**	**22,291,685**
(On-balance sheet and off-balance sheet) exposures that may be disregarded under Article 429 (14) of Regulation (EU) No 575/2013		
EU-19a	(Pursuant to Article 429 (7) of Regulation (EU) No 575/2013, non-included (on-balance sheet and off-balance sheet) intragroup exposures (individual basis))	-
EU-19b	(On-balance sheet and off-balance sheet) exposures that may be disregarded under Article 429 (14) of Regulation (EU) No 575/2013	-
Equity and total exposure measure		
20	Tier 1	92,641,024
21	Total exposure measure of leverage ratio (sum of lines 3, 11, 16, 19, EU-19a and EU-19b)	1,234,123,609
Leverage ratio		
22	Leverage ratio	7.51%
Transitional arrangement chosen and amount of derecognised fiduciary items		
EU-23	Transitional arrangement chosen for the definition of the capital measure	Transitional arrangement: Article 499 (1) (b) of Regulation (EU) 575/2013
EU-24	Amount of the fiduciary assets derecognised pursuant to Article 429 (11) of Regulation (EU) No 575/2013	-

Breakdown of on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures)		
		Exposures for the CRR leverage ratio
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs and exempted exposures), of which:	1,220,482,735
EU-2	Exposures in the trading book	956,532
EU-3	Exposures in the non-trading book, of which	1,219,526,203
EU-4	Covered bonds	-
EU-5	Exposures treated as exposures to governments	461,139,369
EU-6	Exposures to regional authorities, multilateral development banks, international organisations and public bodies that are not treated as exposures to governments	14,300,673
EU-7	Institutions	264,113,938
EU-8	Secured by mortgages on real estate	239,463,989
EU-9	Exposures from retail business	50,707,092

EU-10	Companies	116,616,974
EU-11	Defaulted positions	4,199,507
EU-12	Other exposures (e.g. participations, securitisations and other assets that are not credit obligations)	68,984,661

20. Article 452 CRR Use of the IRB approach to credit risk

BENDURA BANK AG does not use any IRB (internal ratings-based) approach for credit risks. Disclosure is therefore not necessary here.

21. Article 453 CRR Use of credit risk mitigation techniques

The general credit risk mitigation techniques of BENDURA BANK AG are presented below. The regulatory perspective, limited only to collateral, reflects only part of the multi-layered credit risk mitigation process applied.

The counterparty credit risk is determined not only by the creditworthiness of the borrower, but primarily also by the extent and value of the existing collateral. The collateral mainly consists of land charges on owner-occupied residential property and that used by third parties as well as commercial properties. Lombard loans are generally collateralised by liquid and diversified cover portfolios.

Qualitative disclosure requirements on credit risk mitigation techniques	
Article 453 (a)	<u>Policies and processes for on-balance sheet and off-balance sheet netting</u> Not applicable to BENDURA BANK AG.
Article 453 (b)	<u>Policies and processes for collateral valuation and management</u> The daily valuation of the financial collateral is carried out according to current market or quoted values. The market or quoted values determined in this way are used for the corresponding security-specific deductions, in accordance with internal requirements, for the internal risk assessment according to the risk classification of the respective financial collateral. The valuation of real estate collateral is usually carried out by external experts and is updated/revised regularly or as required by law. Depending on the type of property (residential or commercial property, land), a corresponding deduction is made from the current assessed value for the internal risk assessment. The loan value of the various collateral determined in this way serves as a basis for calculation in the Loans department and in risk management. Within the scope of collateral management, the current quoted or market value of the collateral is compared with the corresponding credit exposure on a daily basis in order to be able to initiate any necessary countermeasures in good time.

Article 453 (c)	<u>Description of the main types of collateral</u>
	The following main types of collateral are used:
	- Financial collateral such as
	    o Cash deposits / time deposits
	    o Fiduciary investments
	    o Debt securities issued by governments and central banks
	    o Other debt securities
	    o Shares or convertible bonds
	    o Investment fund units
	    o Precious metals
	    o Life insurance
	- Personal securities such as sureties and guarantees
	- Real estate collateral
	
	For the purpose of credit risk mitigation, only the collateral specified in Part 3 of Regulation (EU) No. 575/2013 (CRR)
	is used. Financial collateral is recognised under the Comprehensive Method (Art 223 CRR).

Article 453 (d)	<u>Disclosure of the main types of guarantor and their creditworthiness</u> Only abstract guarantees are eligible as collateral that can be drawn at any time and independently of the underlying transaction and any objections by the guarantor / bank. In addition, the guarantee must be provided with a guarantee amount in one of the G11 currencies. The eligibility of guarantees as collateral is measured according to the rating of the guarantee-providing bank.
Article 453 (e)	<u>Information about market or credit risk concentrations within the credit mitigation taken</u> Due to the focus on the Lombard lending business, the management of credit risk mitigating techniques in relation to financial collateral is of particular importance to BENDURA BANK AG. The following indicators are monitored to limit concentration risks in the collateralisation portfolio: - Individual security

	- Issuer group - Countries
Article 453 (f) and (g)	<u>Collateralised exposure value per exposure class</u> See table below

Collateralised exposure value 31/12/2023					
	Exposure classes of the Credit Risk Standardised Approach in accordance with Article 107 CRR	**Financial collateral**	**Guarantees**	**Mortgage**	**Other**
a	Exposures to central governments or central banks	-	-	-	-
b	Exposures to regional or local bodies	-	-	-	-
c	Exposures to public authorities	-	-	-	-
d	Exposures to multilateral development banks	-	-	-	-
e	Exposures to international organisations	-	-	-	-
f	Exposures to institutions	-	-	-	-
g	Exposures to companies	13,413,439	-	-	21,588
h	Exposures from retail business	35,405,099	-	-	243,335
i	Exposures secured by real estate	-	-	245,003,676	-
j	Defaulted exposures	1,804	-	4,785,272	-
k	Exposures associated with particularly high risks	-	-	-	-
l	Exposures in the form of covered bonds	-	-	-	-
m	Positions constituting securitisation positions	-	-	-	-
n	Exposures vis-à-vis institutions and companies with short-term credit ratings	-	-	-	-
o	Exposures in the form of units in undertakings for collective investment (UCIs)	-	-	-	-
P	Participation exposures	-	-	-	-
q	Other positions	-	-	-	-
	Total	**48,820,343**	**-**	**249,788,947**	**264,923**

22. Liquidity risk

The bank takes into account the correct or appropriate positioning within the three competing factors of profitability, security and liquidity when determining the strategic direction or in all individual tactical decisions.

Liquidity risk management operations are part of the bank’s overall risk management system. The statutory minimum requirements form the basis for the liquidity strategy. It must be ensured that sufficient liquid assets are available at all times to cover refinancing, call and forward contract risks. Ensuring solvency at all times is extremely important. To this end, a large volume of highly liquid funds and assets (high-quality liquid assets – HQLA) are held.

Liquidity risk is monitored regularly in accordance with statutory banking provisions using the capital commitment balance as a basis. The liquidity risk is also taken into account in the restructuring plan, which monitors the risks using identified early warning indicators. All strategies, principles, procedures and systems that are used to identify, measure, manage and monitor liquidity risks are described within the framework of the Internal Liquidity Adequacy Assessment Process (ILAAP).

Liquidity coverage ratio

With the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014, supplemented by the requirements of the CRR, the European Commission adopted rules for determining the liquidity ratio LCR. After a transitional period in 2015 to 2017, a minimum quota of 100% had to be complied with from 2018. The aim of the liquidity coverage ratio (LCR) is for banks to be able to survive for 30 days through a liquidity stress scenario. BENDURA BANK AG has clearly met the requirements with the following LCR ratios.

The following table shows the composition and development of the liquidity coverage ratio in the period under review (1st quarter 2023 to 4th quarter 2023, 12-month average at the end of the month):

	Adjusted total value			
Quarter ends on	**31/03/2023**	**30/06/2023**	**30/09/2023**	**31/12/2023**
LIQUIDITY BUFFER	329,883,049	261,902,799	222,189,510	223,955,783
TOTAL NET CASH OUTFLOWS	198,611,376	157,534,142	139,730,498	123,943,275
LIQUIDITY COVERAGE RATIO (%)	166.09	166.25	159.01	180.69

The liquidity coverage ratio as at 31 December 2023 was 197.98% and was thus significantly higher than the lower limit of 100% required by regulatory authorities.

Net stable funding ratio

With the CRR II coming into force in Liechtenstein on 1 May 2022, the bank will be subject to the applicable NSFR requirement within the EU and will thus be obliged to maintain an NSFR of 100 percent.

The net stable funding ratio (NSFR) is designed to ensure the medium- and long-term stable funding of assets and off-balance sheet activities over a time period of one year. The NSFR is defined as the ratio of available stable funding (ASF) to required stable funding (RSF). The ASF is calculated as the sum of the book values of the liabilities and the bank's regulatory capital, each multiplied by a standardised weighting between zero and 100 percent, in order to reflect the relative stability of these liabilities and the capital over a time period of one year.

The RSF is calculated as: (1) the sum of the book value of the assets, each multiplied by a standardised weighting between zero and 100 percent, which reflects the relative funding requirement over a time period of one year based on the liquidity characteristics of the assets, plus (2) RSF amounts based on the promised credit facilities that have not been accepted and the bank's derivative commitments.

The following table shows the composition and development of the NSFR in the period under review (1st quarter 2023 to 4th quarter 2023, 12-month average at the end of the month):

Net stable funding ratio				
Quarter ends on	**31/03/2023**	**30/06/2023**	**30/09/2023**	**31/12/2023**
AVAILABLE STABLE FUNDING	954,543,756	905,782,756	844,454,881	853,760,453
REQUIRED STABLE FUNDING	480,572,353	466,294,987	459,976,969	454,389,924
NET STABLE FUNDING RATIO (%)	198.63	194.25	183.59	187.89

The structural liquidity ratio as at 31 December 2023 was 216.96% and was thus significantly higher than the lower limit of 100% required by regulatory authorities.