



Individual Financial Statements under IFRS

BTG Pactual Europe S.A.

R.C.S Luxembourg: B 79.983
29, Avenue de la Porte Neuve, L-2227, Luxembourg

31 December 2025

BTG Pactual Europe S.A.

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Management Board

Iuri Dias

Chairman of the Management Board

Martin Huber

Member of the Management Board (until 31/12/2025)

Katja Huber

Member of the Management Board

Supervisory Board

Markus Schachner

Chairman of the Supervisory Board

Joao Marcello Dantas Leite

Member of the Supervisory Board

Rogério Pessoa

Member of the Supervisory Board

Mariana Cardoso

Member of the Supervisory Board

Bruno Duque

Member of the Supervisory Board

Marcos Pimental

Member of the Supervisory Board (appointed on 20/03/2026)

Management Report

Fundamentals of BTG Pactual Europe S.A.

BTG Pactual Europe S.A. (the “Bank”, “Company” or “BTGP EU”) is a fully licensed bank in Luxembourg and wholly-owned by BTG Pactual Group (the “Group”), an investment bank and asset and wealth manager with a dominant franchise in Latin America. The Group also has a successful international investment and distribution platform with a presence in the United States and Europe, which operates in various segments, including Investment Banking, Corporate Lending, Sales & Trading, Wealth Management and Asset Management.

The former Bank has been active in the Luxembourg banking center since 1994 and has operated as a legally independent full bank in the form of a stock corporation since 2001, most recently under the name FIS Privatbank S.A. Its name was changed to BTG Pactual Europe S.A. on 15 January 2024.

Since our integration into the BTG Pactual Group, we have adopted a focused strategy aimed at reinforcing our core business segments through product enhancements as well as new initiatives designed to deliver innovative, tailored solutions to our clients, drawing on the deep sector expertise and powerful, integrated investment and distribution platform of the BTG Pactual Group. As part of our strategic expansion, we are broadening our footprint across the European continent, having established a new Spanish Branch in May 2025 and the Portuguese branch in February 2026. Through these initiatives, we intend to consolidate and migrate the existing European operations of the BTG Pactual Group in Spain and Portugal under our structure. We also hold passporting authorizations under the EU single-passport regime, which permit us to provide banking and investment services in other EU jurisdictions, including Germany, Austria, Portugal, Italy, Ireland, Malta and the Netherlands.

Our strategic platform facilitates the two-way flow of capital and investment opportunities between Europe and Latin America. Our core client base consists primarily of Latin American high-net-worth individuals (HNWIs), family offices, and corporates seeking investment opportunities and diversification in Europe. At the same time, we are increasingly attracting European institutional and private clients seeking differentiated exposure to Latin American markets through our integrated platform. We are also broadening our corporate lending activities to serve European companies, with delivery through our newly established Spanish Branch.

This dual flow—Latin American clients investing in Europe and European clients accessing the BTG Pactual Group’s capabilities and products—is a fundamental pillar of our growth strategy. While Luxembourg remains our operational hub, we expect our new Spanish and Portuguese Branches will deepen our reach across the Iberian Peninsula and further unlock synergies with the broader BTG Pactual Group with efficiency through centralized booking in Luxembourg.

Our flat organisational structure promotes agility and responsiveness, aligned with the BTG Pactual Group’s meritocratic partnership model, which today comprises 412 Partners worldwide. The BTG Pactual Group maintains a strong local presence across nine of the main cities in Brazil, including São Paulo and Rio de Janeiro, in addition to Chile, Colombia, Mexico, Peru and Argentina. Beyond its Latin American footprint, and in addition to our European platform centered in Luxembourg and Madrid, the BTG Pactual Group operates from key international financial centers, including New York, Miami, London and Lisbon, supporting the distribution of a broad range of banking products across Latin America and the global management of clients’ assets.

Operating under Luxembourg law and regulatory framework, we maintain a robust internal governance structure overseen by local European regulatory and banking bodies. We believe this combination of local trust, global reach, and strategic expansion offers a compelling platform for continued growth in European markets. By bridging Latin America’s dynamic landscape with Europe’s institutional investor base and rigorous regulatory oversight, we believe we are well-positioned to deliver cross-border distribution, capital formation, and global investment access across public and private markets.

On 1 May 2025, the Bank established a branch in Spain – BTG Pactual Europe S.A. Sucursal en España. BTGP EU holds one subsidiary: BTG Pactual Europe Management Company S.A. (“BTGP EU ManCo”).

On 6 November 2025, the BTG Pactual Europe S.A – Sucursal em Portugal, was incorporated with activities started on 01 February 2026.

The Bank is located at Royal Park Building Luxembourg - 29 Av. de la Porte-Neuve, L-2227, Ville-Haute, Luxembourg. The Spanish Branch is located at Torre Serrano - C. del Marqués de Villamagna, 3, Piso 3D Salamanca, 28001 Madrid. The Portuguese Branch is located at Av. da Liberdade, Nº180, Ed. Tivoli Fórum, Torre A, 2º Piso, Fração Autónoma Ar, 1250-146, Lisboa, Portugal.

Strategy

BTGP EU is committed to continuing to improve its operations in the main business segments, including Wealth Management, Corporate Lending, Asset Management and Institutional Sales, drawing on the vast experience of the Group to offer innovative solutions to clients and the market.

Connecting Europe and Latin America is one core strength of the Bank, benefiting to be part of BTG Group – the largest investment bank in Latin America bridging global investors with local investment opportunities. As part of our growth initiatives, BTGP EU established the branch in Spain and Portugal. This strategy seeks to further develop the business and take advantage of synergies with BTG Pactual's activities on the Iberian Peninsula. It will also enable enhanced governance and operational efficiency by centralizing the booking of businesses at the Luxembourgish head quarter.

Wealth Management

BTGP EU is dedicated to building long-term client relationships by providing tailored wealth management solutions. The Bank offers a comprehensive suite of services, including investment advisory and discretionary portfolio mandates, designed to meet the diverse needs of high-net-worth individuals and institutional investors. Clients benefit from personalized financial strategies aligned with their risk profiles and long-term objectives, leveraging both in-house expertise and the broader BTG Pactual network. Discretionary mandates allow clients to entrust the Bank with portfolio management, ensuring professional oversight focused on diversification, risk management, and sustainable growth. Wealth Management clients also benefit from our credit capabilities, mainly but not limited to Lombard credit business based on liquid securities portfolios. Through a seamless and client-centric approach, BTG Pactual Europe enhances its wealth management offerings while continuously exploring new opportunities to better serve its clients.

Asset Management

Our Asset Management unit offers asset management and fund administration services. We offer UCITS funds for both private and institutional investors, and our management expertise lies in fixed income and multi-asset strategies. Through our subsidiary (BTGP EU ManCo), we benefit from our Chapter 15 license to set up and administer UCITS funds for third-party initiators.

Corporate Lending

The Bank's corporate lending business is a key component of our lending strategy. Given BTG Pactual's expertise in Latin America, the group possesses a distinctive advantage in understanding the needs of its LATAM corporate clients with European presence and European-based companies pursuing projects across Europe and Latin America.

Institutional Fixed Income Sales

BTG EU leverages BTG Pactual's expertise in the LATAM market to offer LATAM bonds to European clients and European bonds to LATAM clients. By transacting on a riskless principal basis, the bank provides institutional investors with access to high-quality debt opportunities in both regions, ensuring liquidity and tailored solutions. This approach highlights BTG EU's ability to bridge markets and offer cross-border investment options.

Our culture

BTGP EU draws its mission from the primary mission of the Group, where culture is the key to success. We reach excellence through an entrepreneurial spirit and a sense of ownership.

Our culture is centered on a Meritocratic Partnership which combines agility, focus on the client, excellence, autonomy, and long-term vision. The partnership model integrated into our culture encourages rigorous risk analysis in all operations and promotes the search for innovative solutions to meet the diverse demands of our clients, enabling us to deliver differentiated results.

We promote an environment of synergy, collaboration and trust, employing essential practices to attract and retain talent. We invest in training our employees and develop highly qualified professionals who are recognised in the market.

We act with integrity, responsibility, simplicity, non-conformism, and dedication, guided by our strong commitment to Environmental, Social, and Governance (ESG) principles. These values are integral to our business strategy, helping us generate long-term value while maintaining solid financial returns.

While climate-related and environmental risks are recognised and considered, we assess them as non-material within our risk strategy for the business we are doing. Nonetheless, we remain committed to responsible practices and ensuring compliance with evolving regulatory expectations, contributing positively to both society and the environment.

Our governance framework continues to prioritize transparency, adaptability, and long-term sustainability, ensuring we create value for our customers, shareholders, and society.

In order to be able to fulfil the mission in the long term, the daily actions of all employees and of BTG EU as a whole must be geared towards it.

Outlook 2026

Eurozone outlook

The Eurozone outlook has deteriorated significantly relative to the benign baseline that prevailed at the start of the year. We now project GDP growth of 1.2% for 2026, down from our prior estimate, and acknowledge that even this figure may prove optimistic depending on the persistence of the energy shock. The ECB revised its own growth forecast to 0.9% at the March meeting, but that projection already looks stale given the continued escalation in energy prices since then.

The Iran conflict has been formally incorporated into the ECB's risk assessment as a supply shock — bearish for growth, and trigger for inflation. The staff revised headline inflation for 2026 from 1.9% to 2.6% and core from 2.2% to 2.3%. The numbers are already outdated due to the further increase in energy costs since the estimates were finalized. Confidence indicators are already cracking: the services PMI dropped to 50.1 versus 51.9 prior, a deceleration well beyond expectations. Input prices have hit their highest level in three years, with only partial passthrough to output prices, compressing margins.

We have changed our ECB call to a reopening of the hiking cycle, driven by deteriorating inflation expectations for 2026 and 2027 and a hawkish pivot from the head and economists of ECB. We expect 50 bps of hikes over the year, with risks skewed to the upside. Constrained fiscal space remains the primary structural hurdle, with policymakers caught between defense and infrastructure needs — especially Germany's multi-year programs — and consolidation demands in countries like France.

Global outlook

The US economy entered 2026 on solid footing, but the Iran conflict has shifted the landscape materially. The partial closure of the Strait of Hormuz pushed Brent above USD 110/bbl in March, with direct implications for inflation, real income, and consumer sentiment. We maintain our GDP growth estimate at 2.75%, supported by healthy balance sheets, OBBBA fiscal impulse, and AI-driven capex, but the balance of risks has deteriorated. On tariffs, the Supreme Court's IEEPA ruling lowered the effective tariff rate by 6 to 8 percentage points; the administration pivoted to Section 122 with temporary 10-15% tariffs through late July. The legal resolution improves the tariff risk balance, but that relief has been more than offset by the energy shock. Inflation is now more complex — energy, residual seasonality, tariff passthrough, and structural supercore persistence push CPI and PCE near 4% through mid-year and 3% into year-end. We have moved our Fed call to a full hold at 3.50%-3.75% through 2026, viewing the market's nearly probability of a hike by December as excessive.

China's first-round growth data surprised to the upside, with industrial production at 6.3% year-to-date versus 5.3% consensus and retail sales at 2.8% versus 2.5%, partly driven by the government's goods trade-in program. We have 4.7% GDP growth estimate, but the prolonged Middle East conflict will weigh on domestic and external demand ahead. We expect Beijing to accelerate stimulus if momentum falters, continuing to diversify exports and push internal consumption growth under the new Five-Year Plan.

Review of the financial results

The Bank delivered strong balance sheet expansion and a significant improvement in operating performance in 2025. Growth in lending, deposit-raising and fee-generating activities reflects the successful execution of the revised strategic plan initiated in 2024.

Although investment in people, systems, and technology increased costs, these developments are aligned with long-term growth ambitions. The strengthened capital and liquidity position provides a solid foundation for continued expansion into 2026.

Financial Position

At 31 December 2025, the Bank's total assets reached EUR 1,258 million, representing a 90% increase compared to EUR 663 million at the end of 2024. Growth was broad-based, reflecting continued execution of the Bank's strategic plan and greater balance-sheet deployment across corporate and wealth management activities.

Assets

BTG Pactual Europe S.A.

Financial Statements

Total assets increased substantially to EUR 1,258 million as at 31 December 2025 (31 December 2024: EUR 663 million), representing growth of 90% and reflecting the Bank's continued strategic expansion and strengthened operating capacity.

Cash and cash equivalent rose by 102% to EUR 636 million, supported by higher capital levels and continued inflows from the Bank's client base.

Loans and advances to customers recorded strong growth of 119%, reaching EUR 498 million, as the Bank continued to scale its corporate and wealth management lending franchise.

Other assets increased to EUR 12 million (+289%), reflecting higher operational receivables linked to business growth.

Intangible assets increased to EUR 10 million (+184%), primarily reflecting continued investment in technology and systems infrastructure supporting the Bank's long-term strategic roadmap.

The increase in the current year is largely attributable to the implementation of a new core banking system, representing a one-off strategic investment. As such, a similar level of growth in intangible assets is not expected in future periods, absent new transformational IT initiatives.

Liabilities

Total liabilities increased to EUR 842 million (2024: EUR 450.39 million), an 87% rise consistent with the expansion of the Bank's business activities.

Financial liabilities at amortised cost rose by EUR 384 million to EUR 822 million, reflecting higher funding volumes.

Customer deposits grew by 78% to EUR 552 million, evidencing strong engagement from both corporate and private clients.

Debt securities issued increased to EUR 159 million (+23%), while borrowings reached EUR 112.26 million, providing further funding diversification.

Other liabilities grew to EUR 14 million (+119%) due to increased operating activity associated with the Bank's scale-up initiatives.

Equity

Total equity increased mostly due to EUR 200 million of additional share premium contributed during the year.

Profit and loss

For the financial year ended 31 December 2025, the Bank reported a profit of EUR 2.97 million, reversing the EUR 1.55 million loss recorded in 2024. Performance reflects strong commercial momentum, partially offset by continued investment in technology, systems and human capital to support long-term growth.

	2025 EUR	2024 EUR
Net interest income	22,105	11,497
Net commission income	16,162	4,494
Net gains/ (losses) on financial assets at fair value through profit or loss	473	6
Net gains/ (losses) from foreign exchange	51	434
Net impairment loss on financial assets	(1,552)	(2,878)
Other income/ (expenses)	2,242	266
Personnel expenses	(16,089)	(8,916)
Administrative expenses and amortisation	(18,897)	(6,594)
Profit/ (loss) before taxes for the period	4,495	(1,691)
Taxes	(1,524)	137
Profit/ (loss) for the period	2,971	(1,554)

Income

Net interest income increased by 92% to EUR 22.1 million (2024: EUR 11.5 million), driven by the scaling of the loan portfolio and higher average liquidity balances.

Net commission income grew sharply by 260% to EUR 16.2 million (2024: EUR 4.5 million), reflecting higher assets under management, discretionary and advisory mandates, and structuring fees.

Other income rose to EUR 3.3 million (2024: EUR 0.6 million), mainly related to intercompany agreement with BTG Pactual Group.

Net impairment losses decreased significantly to EUR 1.6 million (2024: EUR 2.9 million) as in 2024, the Bank recognised a full

Expenses

Personnel expenses increased by 80% to EUR 16.1 million, reflecting higher headcount and the continued investment in talent in line with the strategic growth objectives outlined in the Bank's business plan.

Administrative expenses and amortisation increased 187% to EUR 19 million, driven by technology infrastructure and software upgrades also in line with strategic growth objectives outlined in the Bank's business plan.

Risk Management

Refer to note 7 of the notes to the financial statements.

Employee and social report

As of 31 December 2025, the total number of employees grew to 72 (2024: 54), aligned with the Bank's growth plans to attract a strong and diverse talent base. The Bank consists of 62 employees, while the Spanish Branch has a team of 10.

The commencement of the Portuguese branch's activities in February 2026 added 21 employees to the workforce.

This headcount is considered appropriate by the Board to enable a safe and sound control environment in light of the growing volume of business.

The Bank offers its employees remuneration components that are in line with the market and combined with social benefits. It does not offer any share option programs, neither for its management bodies nor for its employees.

With its guiding principles, it serves as a code for appreciative and results-oriented cooperation. The quality and satisfaction of employees is a key success factor for the Bank. Similarly, the ability to recruit qualified staff to realize the growth strategy will have a direct impact on the Bank.

Subsequent events

As of 13 January 2026, the Bank registered a Global Medium-Term Notes program with the Luxembourg Stock Exchange, with the notes admitted to trading on the Euro MTF market. The program has a total size of USD 2,000,000,000.

On 1 February 2026, BTG Pactual Europe S.A. – Sucursal em Portugal started its operations.



Iuri Dias

21/04/2026



Katja Huber

21/04/2026

Statement of financial position

As of 31 December 2025

In thousands of Euros

	Note	31 December 2025	31 December 2024	1 January 2024
Assets				
Cash and cash equivalents	8	636,226	315,882	226,971
Financial assets at fair value through profit or loss	9	-	2,531	2,518
Financial assets at amortised cost		589,798	327,443	16,899
Loans and advances to customers	10	498,019	226,910	16,899
Debt securities	11	91,779	100,533	-
Deferred tax assets	20	28	1,483	1,346
Other assets	12	12,021	3,091	583
Investment in subsidiary	13	2,435	1,135	435
Property, plant and equipment	14	2,530	2,434	547
Right-of-use assets	15	4,666	5,283	912
Intangible assets	14	10,267	3,620	667
Total assets		1,257,971	662,902	250,878
Liabilities				
Financial liabilities at amortised cost	16	822,807	438,279	34,386
Deposits		551,797	309,542	34,386
Debt securities		158,746	128,737	-
Borrowings		112,264	-	-
Leases	15	5,175	5,554	922
Current tax liabilities	17	731	257	-
Other liabilities	18	13,775	6,300	151,504
Total liabilities		842,488	450,390	186,812
Equity				
Share capital	21	9,989	9,989	9,989
Share premium	21	405,000	205,000	55,000
Reserves		3,565	3,565	3,565
Retained earnings		(6,042)	(4,488)	(2,362)
Profit/ (loss) for the year		2,971	(1,554)	(2,126)
Total equity		415,483	212,512	64,066
Total liabilities and equity		1,257,971	662,902	250,878

	Note	31 December 2025	31 December 2024	1 January 2024
Off-balance sheet items				
Guarantees		726	586	128
Undrawn credit commitments		130,828	75,274	1,510

The accompanying notes form an integral part of the financial statements.

Statement of comprehensive income

For the year ended 31 December 2025

In thousands of Euros

	Note	2025	2024
Interest revenue calculated using the effective interest method	22	39,413	15,758
Interest expense calculated using the effective interest method	23	(17,308)	(4,261)
Net interest income		22,105	11,497
Fee and commission income	24	16,667	4,815
Fee and commission expenses	24	(505)	(321)
Net fee and commission income		16,162	4,494
Net gains / (losses) on financial assets at fair value through profit or loss	25	473	6
Net gains / (losses) from foreign exchange		51	434
Net impairment loss on financial assets	26	(1,552)	(2,878)
Other income	27	3,644	578
Net operating income		40,883	14,131
Personnel expenses	28	(16,089)	(8,916)
Administrative expenses	29	(15,924)	(5,240)
Depreciation and amortisation	14	(2,973)	(1,354)
Other expenses		(1,402)	(312)
Profit / (loss) before tax		4,495	(1,691)
Income tax expenses	20	(1,524)	137
Profit / (loss) for the year		2,971	(1,554)
Total comprehensive income / (loss) for the year		2,971	(1,554)

The accompanying notes form an integral part of these annual accounts.

The Company did not recognise any items of other comprehensive income during the period

Statement of changes in equity

For the year ended 31 December 2025

In thousands of Euros

	Note	Share Capital	Share Premium	Reserves	Retained earnings	Profit/ (loss) for the year	Total
At 1 January 2024		9,989	55,000	3,565	(2,362)	(2,126)	64,066
Share premium increase	21	-	150,000	-	-	-	150,000
Profit for the year and total comprehensive income		-	-	-	-	(1,554)	(1,554)
Allocation of prior-year profit/ (loss)		-	-	-	(2,126)	2,126	-
At 31 December 2024		9,989	205,000	3,565	(4,488)	(1,554)	212,512
Share premium increase	21	-	200,000	-	-	-	200,000
Profit for the year and total comprehensive income		-	-	-	-	2,971	2,971
Allocation of prior-year profit/ (loss)		-	-	-	(1,554)	1,554	-
At 31 December 2025		9,989	405,000	3,565	(6,042)	2,971	415,483

The accompanying notes form an integral part of these annual accounts.

Statement of cash flows

For the year ended 31 December 2025

In thousands of Euros

	Note	2025	2024
Operating activities			
Profit / (loss) before tax		4,495	(1,691)
Adjustments to profit / (loss) before tax for the year:			
Depreciation of property, equipment, right-of-use assets and amortisation of intangibles	14	2,981	1,354
Impairment loss on financial assets		1,508	2,865
Interest expenses on leases	15	255	281
Gain / (loss) on derecognition of leases	15	(10)	-
Gain / (loss) on disposal of property and equipment		(12)	-
Net exchange differences		(51)	(434)
Change in operating assets			
Net changes in central bank restricted cash		(6,381)	(284)
Net changes in financial assets at fair value through profit or loss		2,531	(13)
Net changes in loans and advances to customers		(272,336)	(212,876)
Net changes in debt securities		8,473	(100,533)
Net changes in other assets		(8,930)	(2,508)
Change in operating liabilities			
Net changes in deposits		242,255	275,156
Net changes in debt securities	16	31,024	128,737
Net changes in borrowings	16	112,264	-
Net changes in other liabilities		8,192	5,108
Taxes paid		(312)	(55)
Net cash flow from operating activities		125,946	95,107
Investing activities			
Capital increase on investment in subsidiary	13	(1,300)	(700)
Purchase of property and equipment	14	(647)	(2,217)
Disposal of property and equipment	14	46	-
Purchase of intangible assets	14	(8,292)	(3,185)
Net cash flow used in investing activities		(10,193)	(6,102)
Financing activities			
Repayment of principal portion of lease liabilities	15	(826)	(812)
Share premium increase	21	200,000	-
Net cash flows from / (used in) financing activities		199,174	(812)
Net increase in cash and cash equivalents		314,927	88,193
Balance of cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		315,463	226,836
Effects of exchange rate changes on cash and cash equivalents		(964)	434
Cash and cash equivalents at the end of the year		629,426	315,463
Additional information on operational cash flows from interest and dividends			
Interest received		36,183	14,433
Interest paid		12,822	3,500

The accompanying notes form an integral part of these annual accounts.

Notes to the Financial Statements

Amounts expressed in thousands of Euros, unless noted

1. Corporate information

BTG Pactual Europe S.A. (hereafter the “Bank”, “Company” or “BTGP EU”), R.C.S Luxembourg: B 79.983, was incorporated on 1 January 2001 and organised under the laws of Luxembourg as a Société Anonyme for an unlimited period. The head office is located at 29, Avenue de la Porte Neuve, L-2227, Luxembourg.

On 1 May 2025, the BTG Pactual Europe S.A – Sucursal en Espana, the Bank’s Branch in Spain, started its activities.

On 06 November 2025, the BTG Pactual Europe S.A – Sucursal em Portugal, was incorporated. On 1 February 2026, BTG Pactual Europe S.A. – Sucursal em Portugal started its operations.

The Bank is ultimately controlled by its indirect parent BTG Pactual G7 Holding S.A. ("Indirect Parent"), a company incorporated in Brazil.

BTG Pactual Group is an investment bank and asset and wealth manager with a dominant franchise in Brazil, and a successful international investment and distribution platform. It currently has offices distributed on three continents (Latin America, North America and Europe) offering a broad portfolio of financial services to a Brazilian and foreign customer base, including corporations, institutional investors, governments, high net worth individuals and more recently, high-income retail customers.

The Bank is a member of the Association des Banques et Banquiers Luxembourg (ABBL) as well as the deposit guarantee scheme "Fonds de Garantie des dépôts Luxembourg" (FGDL).

The financial statements for the year ended 31 December 2025 were authorized for issue in accordance with a resolution of the directors on 20 April 2026.

2. Basis of preparation

The Company’s financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. The financial statements have been prepared on a historical cost basis, as disclosed in the accounting policies herein except for derivative financial instruments, and financial assets and liabilities which are measured at fair value.

The financial statements are presented in Euro and all values are rounded to the nearest thousand euros, except when otherwise indicated.

2.1. Going concern

The financial statements are prepared on a going concern basis.

While global geopolitical tensions were observed during 2025, the Company has continued to monitor any potential impacts on its activities. No significant changes were noted in the Company’s trading or operational activities

Management believes that the Company has sufficient liquidity to meet its liabilities for at least the next 12 months from the date of these financial statements and that the preparation of the financial statements on a going concern basis remains appropriate as the Company expects to be able to meet its obligations as and when they fall due for the foreseeable future.

2.2. Consolidation

The Company prepares its financial statements as separate financial statements in accordance with IFRS. In line with the exemption permitted under IFRS 10 – Consolidated Financial Statements, paragraph 4(a), the Company does not present consolidated financial statements. The Company qualifies for this exemption as it forms part of a group for which the ultimate parent produces consolidated financial statements that are available for public use and prepared in compliance with IFRS. Accordingly, these financial statements reflect the Company’s activities on a standalone basis.

The annual accounts of the Bank are included in the consolidated accounts of Banco BTG Pactual S.A., whose registered office is located at Praia de Botafogo, 501, Rio de Janeiro, Brazil. The consolidated financial statements are available at the Group’s investor relations website, at <https://ri.btgpactual.com/en/>.

2.3. Judgement made in applying accounting policies and use of estimates

In the process of preparing the consolidated financial statements of the Bank, the Management has exercised judgement and used estimates to calculate certain amounts recognised in the financial statements. The most relevant application of exercise of judgement and use of estimates occur at:

Expected credit loss (“ECL”)

The measurement of expected credit loss reflects the use of significant assumptions, as described below:

- **Term:** The Bank considers the maximum contractual period over which it will be exposed to the credit risk of the financial instrument. Assets that do not have a specific maturity have an estimated life expectancy based on the period of exposure to credit risk. Additionally, all contractual terms are considered when determining expected life, including prepayment and rollover options.
- **Forward-looking information:** IFRS 9 – Financial Instruments requires a weighted and unbiased estimate of credit loss that embodies forecasts of future economic conditions. The Bank uses macroeconomic information and public information on the market to determine the impact of said estimates in determining the expected credit loss.
- **Probability-weighted loss scenarios:** the Bank uses weighted scenarios to determine the expected credit loss over an adequate observation horizon, through analyses carried out by the credit risk team.
- **Criteria for significant increase or decrease in credit risk:** in each period of the Financial Statements under IFRS, the Bank assesses whether the credit risk on a financial asset has increased significantly using relative and absolute indicators, according to the nature of each product.

The Bank assesses whether the credit risk has increased significantly on individual basis.

Fair value of financial instruments

The fair value of financial instruments is calculated using pricing techniques based on assumptions, which consider information and market conditions. Main assumptions: historical data and information of similar transactions. For more complex or illiquid instruments, significant judgement is required to determine the model used by selecting specific data and in some cases, valuation adjustments are applied to the model value or quoted price for financial instruments that are not actively traded.

Lease incremental borrowing rate

When the Company cannot readily determine the interest rate implicit in its leases, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs such as market interest rates and is required to make certain entity-specific estimates (for example, conversion to the entity functional currency). For more information, please refer to Note 15.

Deferred tax assets

Deferred tax assets are recognised on tax losses to the extent that it is likely that the taxable profit will be available in the period in which the losses may be used. A criterion is required to establish the amount of future deferred taxable assets that should be recognised, based on the probable flow of future taxable profit and together with tax planning strategies, if any.

3. First-time adoption of IFRS

The financial statements for the year ended 31 December 2025 represent the Bank’s first annual financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Previously, the Bank prepared its financial statements in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg commonly referred to as LUX GAAP, encompassing the principles set forth in the amended law of 17 December 1992 and the related instructions and circulars of the CSSF. The date of transition to IFRS is 1 January 2024.

These financial statements have been prepared in accordance with IFRS 1 – First-Time Adoption of International Financial Reporting Standards, which requires:

- The application of all IFRS standards effective at the reporting date;
- The preparation of an opening IFRS balance sheet at the transition date;
- The restatement of comparative information in accordance with IFRS;
- Recognition of transition adjustments in equity (retained earnings or a separate transition reserve).

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The Company applied the following optional exemptions permitted under IFRS 1:

- **Business combinations exemption** - the Company elected not to restate business combinations that occurred prior to 1 January 2024.
- **Financial instruments** - the Company applied IFRS 9 prospectively, designating financial assets and liabilities in accordance with IFRS 9 classification principles.
- **Leases** - lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2024. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2024. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

Bank's reconciliation of assets, liabilities and equity at 1 January 2024

LUX GAAP line item		LUX GAAP	Reclassification / Remeasurements	IFRS	IFRS caption
Assets					
Cash in hand, balances with central banks and post office banks	f)	135	226,836	226,971	Cash and cash equivalents
Treasury bills and other bills eligible for refinancing with central banks		-	-	-	
a) treasury bills and similar securities		-	-	-	
Loans and advances to credit institutions		226,867	(226,867)	-	
a) repayable on demand:	f)	225,918	(225,918)	-	
b) other loans and advances:	f)	949	(949)	-	
Loans and advances to customers	a) c)	16,882	17	16,899	Financial assets at amortised cost - loans and advances to customers
Debt securities and other fixed-income securities		-	-	-	Financial assets at amortised cost - debt securities
a) issued by public bodies:		-	-	-	
b) issued by other borrowers:		-	-	-	Financial assets at amortised cost - debt securities
Shares and other variable-yield securities		2,518	-	2,518	Financial assets at fair value through profit or loss
Shares in affiliated undertakings		435	-	435	Investment in subsidiary
Intangible assets		666	-	666	Intangible assets
Tangible assets		548	-	548	Property, plant and equipment
Other assets	f)	130	453	583	Other assets
Prepayments and accrued income	b) f)	495	(495)	-	
Deferred tax assets	d)	-	1,346	1,346	Deferred tax assets
Right-of-use assets	e)	-	912	912	Right-of-use assets
Total assets		248,676	2,202	250,878	
Liabilities					
Amounts owed to customers	f)	34,349	37	34,386	Financial liabilities at amortised cost - Deposits
a) other debts	f)	34,349	37	34,386	Financial liabilities at amortised cost - Deposits
aa) repayable on demand:		24,920	-	24,920	Financial liabilities at amortised cost - Deposits
ab) with agreed maturity dates or periods of notice:	f)	9,429	37	9,466	Financial liabilities at amortised cost - Deposits
Debts evidenced by certificates:		-	-	-	
(a) debt securities in issue		-	-	-	
Leases	d)	-	922	922	Leases
Current tax liabilities		-	-	-	Current tax liabilities
Other liabilities	f)	150,242	1,261	151,503	Other liabilities
Accruals and deferred expense	f)	38	(38)	-	
Provisions	f)	1,261	(1,261)	-	
a) other provisions:	f)	1,261	(1,261)	-	
Subscribed capital		9,989	-	9,989	Share capital
Share premium account		55,000	-	55,000	Share premium
Reserves		3,565	-	3,565	Reserves
a) legal reserve:		900	-	900	Reserves
b) other reserves:		2,665	-	2,665	Reserves
Loss brought forward		(2,362)	(2,126)	(4,488)	Retained earnings
Loss for the financial year		(3,406)	-	-	Retained earnings
Total liabilities		248,676	2,202	250,878	

Bank's reconciliation of assets, liabilities and equity at 31 December 2024

LUX GAAP line item		LUX GAAP	Reclassification / Remeasurements	IFRS	IFRS line item
Assets					
Cash in hand, balances with central banks and post office banks	f)	419	315,463	315,882	Cash and cash equivalents
Treasury bills and other bills eligible for refinancing with central banks		-	-	-	
a) treasury bills and similar securities:		-	-	-	
Loans and advances to credit institutions	f)	315,506	(315,506)	-	
a) repayable on demand:	f)	315,506	(315,506)	-	
b) other loans and advances:	f)	-	-	-	
Loans and advances to customers		226,000	910	226,910	Financial assets at amortised cost - loans and advances to customers
	a) c)				
Debt securities and other fixed-income securities	b)	100,523	10	100,533	Financial assets at amortised cost - debt securities
a) issued by public bodies:		-	-	-	
b) issued by other borrowers:	b)	100,523	10	100,533	Financial assets at amortised cost - debt securities
Shares and other variable-yield securities		2,531	-	2,531	Financial assets at fair value through profit or loss
Shares in affiliated undertakings		1,135	-	1,135	Investment in subsidiary
Intangible assets		3,620	-	3,620	Intangible assets
Tangible assets		2,434	-	2,434	Property, plant and equipment
Other assets	f)	1,834	1,257	3,091	Other assets
Prepayments and accrued income	b) f)	2,683	(2,683)	-	
Deferred tax assets	d)	-	1,483	1,483	Deferred tax assets
Right-of-use assets	e)	-	5,283	5,283	Right-of-use assets
Total assets		656,685	6,217	662,902	
Liabilities					
Amounts owed to customers	f)	308,987	555	309,542	Financial liabilities at amortised cost - Deposits
a) other debt	f)	308,987	555	309,542	Financial liabilities at amortised cost - Deposits
aa) repayable on demand:		88,447	-	88,447	Financial liabilities at amortised cost - Deposits
ab) with agreed maturity dates or periods of notice:	f)	220,540	555	221,095	Financial liabilities at amortised cost - Deposits
Debts evidenced by certificates:		128,494	243	128,737	Financial liabilities at amortised cost - Securities
(a) debt securities in issue		128,494	243	128,737	Financial liabilities at amortised cost - Securities
Leases	d)	-	5,554	5,554	Leases
Current tax liabilities	f)	-	257	257	Current tax liabilities
Other liabilities	f)	701	5,559	6,300	Other liabilities
Accruals and deferred expense	f)	797	(797)	-	
Provisions	f)	5,856	(5,856)	-	
a) other provisions:	f)	-	-	-	
b) other provision		5,856	(5,856)	-	
Subscribed capital		9,989	-	9,989	Share capital
Share premium account		205,000	-	205,000	Share premium
Reserves		3,565	-	3,565	Reserves
a) legal reserve:		900	-	900	Reserves
b) other reserves:		2,665	-	2,665	Reserves
Loss brought forward		(5,768)	1,280	(4,488)	Retained earnings
Loss for the financial year		(936)	(618)	(1,554)	Retained earnings
Total liabilities		656,685	6,217	662,902	

Bank's reconciliation of total comprehensive income for the year ended 31 December 2024

LUX GAAP line item		LUX GAAP	Reclassification / Remeasurements	IFRS	IFRS line item
Interest receivable and similar income		15,758	-	15,758	Interest revenue calculated using the effective interest method
arising from fixed-income securities	f)	207	(207)	-	
Interest payable and similar charges	e) f)	(3,980)	(281)	(4,261)	Interest expense calculated using effective interest method
Income from transferable securities	f)	16	(16)	-	
b) income from shares in affiliates undertakings	f)	16	(16)	-	
Commissions receivable		4,814	1	4,815	Fee and commission income
Commissions payable	f)	(304)	(17)	(321)	Fee and commission expenses
Net profit or net loss on financial operations	f)	440	(6)	434	Net gains / (losses) from foreign exchange
Net gains / (losses) on financial assets at fair value through profit or loss	f)	-	6	6	Net gains / (losses) on financial assets at fair value through profit or loss
Other operating income	f)	3,330	(2,752)	578	Other income
General administrative expenses		(17,656)	3,500	(14,156)	
a) Staff costs:	f)	(11,684)	2,768	(8,916)	Personnel expenses
aa) wages and salaries	f)	(10,884)	2,768	(8,116)	Personnel expenses
ab) social security costs		(602)	-	(602)	Personnel expenses
ac) other personnel costs		(198)	-	(198)	Personnel expenses
b) other administrative expenses	e)	(5,972)	732	(5,240)	Administrative expenses
Value adjustments in respect of intangible and tangible assets	e)	(562)	(792)	(1,354)	Depreciation and amortisation
Other operating charges	f)	(97)	(215)	(312)	Other expenses
Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	c)	(2,384)	(494)	(2,878)	Net impairment loss on financial assets
Loss on ordinary activities		(625)	(1,066)	(1,691)	
Other taxes not shown under the preceding items	f)	(312)	449	137	Income tax
Loss for the period		(937)	(617)	(1,554)	

Notes to the reconciliation of assets, liabilities and equity at 1 January 2024 and 31 December 2024 and total comprehensive income for the year ended 31 December 2024:

a) Loans and advances to credit institutions

Under Lux GAAP, cash and cash equivalents placed in credit institutions were presented separately within a) loans and advances to credit institutions, (b) cash in hand and (c) balances with central banks and post office banks. Under IFRS, based on their nature and substance, these balances have been reclassified to cash and cash equivalents in accordance with IFRS 9 Financial Instruments.

This reclassification has no impact on total equity or profit or loss but affects the presentation of assets in the statement of financial position.

b) Prepayment and accrued income

Under Lux GAAP, the Bank presents separately the accrual of interests on its financial assets. Under IFRS, these amounts will be presented as part of the carrying values of the related financial assets.

This reclassification has no impact on total equity or profit or loss but affects the presentation of assets in the statement of financial position.

c) IFRS 9 ECL (Expected Credit Losses)

Under Lux GAAP, impairment of financial assets was recognised based on an incurred loss model, whereby losses were recorded only when there was objective evidence of impairment.

IFRS 9 introduces a forward-looking expected credit loss (ECL) model, requiring the recognition of impairment allowances for all financial assets measured at amortised cost or at fair value through other comprehensive income, as well as certain off-balance sheet exposures. The ECL model considers historical data, current conditions and reasonable and supportable forward-looking information.

As a result, upon transition to IFRS, the Bank recognised additional impairment allowances amounting to EUR 55 thousand, leading to a reduction in opening equity at 1 January 2024 and corresponding impacts of EUR 494 thousand on profit or loss for the year ended 31 December 2024.

d) Deferred tax

Under Lux GAAP, deferred tax assets and liabilities were not recognised.

Under IFRS, deferred taxes are recognised in accordance with IAS 12 Income Taxes for temporary differences between the carrying amounts of assets and liabilities in the IFRS statement of financial position and their corresponding tax bases. Deferred tax balances have been recognised in relation to the IFRS adjustments, including in particular the expected credit loss provisions and lease accounting adjustments.

Deferred tax assets are also recognised on unused tax losses and unused tax credits only to the extent that it is probable that future taxable profits will be available against which they can be utilised.

The recognition of deferred tax assets and liabilities results in adjustments to equity at transition and to total comprehensive income for the year ended 31 December 2024.

e) Leases

Under Lux GAAP, leases were classified as either finance leases or operating leases. Payments under operating leases were recognised as operating expenses in profit or loss on a straight-line basis over the lease term.

Under IFRS 16 Leases, the Bank applies a single lessee accounting model, under which lease liabilities are recognised for future lease payments and corresponding right-of-use assets are recognised, except for short-term leases and leases of low-value assets.

Upon transition to IFRS, operating leases previously recognised off-balance sheet resulted in the recognition of right-of-use assets and lease liabilities, impacting the statement of financial position. In the statement of profit or loss, operating lease expenses were replaced by depreciation of right-of-use assets and interest expense on lease liabilities, affecting total comprehensive income for the year ended 31 December 2024.

f) Other reclassifications

Under Lux GAAP, certain balances were presented within line items that do not correspond to the classification principles required by IFRS. These items do not fall within the categories described above (loans and advances, prepayments and accrued income, expected credit losses, deferred taxes or leases). Instead, the differences relate to pure reclassifications between accounts, driven by the IFRS requirement to present financial statement captions based on the substance and economic characteristics of the underlying transactions. Some of the reclassification not mentioned above are described below:

- Reclassification of accrued salaries and bonus payables from provisions to other liabilities.
- Reclassification of cash deposited at banks from loans and advances to credit institutions to cash and cash equivalents.
- Reclassification of net wealth taxes from other taxes not shown under the preceding items to other expenses.
- Reclassification of an expense reimbursement from Other operating income to staff costs

Under IFRS, these balances were reassigned to more appropriate line items in the statement of financial position or the statement of comprehensive income to ensure compliance with IFRS presentation and disclosure requirements.

These reclassifications do not involve any remeasurement and therefore have no impact on equity or profit or loss. Their effect is limited to the presentation of the financial statements and the alignment of account groupings with IFRS terminology and classification rules.

4. Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 19.

5. Accounting policies and disclosures

5.1. Standards issued but not yet effective

New and amended standards and interpretations that are issued but not yet effective are being assessed by the Bank to determine the impact on the financial statements. As explained above, this would include standards and amendments that would already be effective based on the new standard or amendment, but the local endorsement is still in progress or has resulted in a later effective date.

Amendments to the Classification and Measurement of Financial Instruments—Amendments to IFRS 9 and IFRS 7

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). The Amendments include:

- Clarifications of the requirements for recognition and derecognition of financial assets and liabilities
- A clarification that a financial liability is derecognised on the 'settlement date' and introduce an accounting policy choice (if specific conditions are met) to derecognise financial liabilities settled using an electronic payment system before the settlement date
- Additional guidance on how the contractual cash flows for financial assets with environmental, social and corporate governance (ESG) and similar features should be assessed
- Clarifications on what constitute 'non-recourse features' and what are the characteristics of contractually linked instruments
- The introduction of disclosures for financial instruments with contingent features and additional disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI)

The Amendments are effective for annual periods starting on or after 1 January 2026. With respect to the amendments on the derecognition of financial liabilities that are settled through an electronic payment system, the Bank has performed an assessment of all material electronic payment systems used in the various jurisdictions it operates.

Most of the electronic settlement systems used by the Bank result in real-time settlement. There is a limited number of electronic settlement systems used by the Bank that do not result in real-time settlement. For those, the Bank has been derecognizing the financial liability, and the associated cash, at the time of submitting the payment instructions. In line with the amendments, the Bank will change this current practice to derecognise the financial liability and the associated cash when the payment has reached the beneficiary, which is when the obligation is discharged. However, given the limited number of such electronic settlement systems used by the Bank, and the low value of payments involved, the amendments are not expected to have a material impact.

The Bank has determined that it will not apply the accounting policy option to derecognise financial liabilities before the settlement date. Moreover, the Bank has also reviewed its other payment systems (such as cheques, credit cards, debit cards) and concluded that the recognition and derecognition policies are already in line with the amendments.

In addition, the Bank has assessed the impact of the Amendments on its financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features, as well as on non-recourse financing and contractually linked instruments. Based on the assessments performed, the amendments in these areas are not expected to have a material impact on the financial statements.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature dependent Electricity. The amendments apply only to contracts that reference nature-dependent electricity. The amendments:

- Clarify the application of the 'own-use' requirements for in-scope contracts
- Amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts
- Add new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows.

The amendments will take effect for annual reporting periods starting on or after 1 January 2026. Early adoption is allowed, but it must be disclosed. The amendments concerning the own-use exceptions are to be applied retrospectively, while the hedge accounting amendments should be applied prospectively to new hedging relationships designated from the initial application date. Additionally, the IFRS 7 disclosure amendments must be implemented alongside the IFRS 9 amendments. If an entity does not restate comparative information, it cannot present comparative disclosures.

The Bank does not expect that the amendments will have a material impact on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new. There are specific presentation requirements and options for entities that have specified main business activities (either providing finance to customers or investing in specific type of assets, or both).

The standard requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and it also includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

The Bank is currently working to identify the impacts the standard will have on the primary financial statements and notes to the financial statements. The Bank considers its main business activities to include the provision of financing to customers. In accordance with IFRS 18 some of the income and expenses related to these activities are classified in the operating category, as an exception to the general requirements that would otherwise have resulted in their classification in the investing or financing categories.

6. Summary of significant accounting policies

6.1. Presentation

The financial statements are presented in euros. The functional currency of the Bank is measured using the currency of the primary economic environment in which the Bank operates.

6.2. Foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated into the functional currency at the spot rate of exchange at the reporting date. All foreign exchange differences arising on non-trading activities are taken to net gains/(losses) from foreign exchange in the income statement.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition.

6.3. Cash and cash equivalents

For the purposes of statement of cash flow, Cash and cash equivalents comprises cash, bank deposits, highly liquid short-term investments that are promptly convertible into a known sum of cash, which are subject to an insignificant risk of change in value, with maturity which is usually three months as of the acquisition date.

6.4. Financial Instruments

"Financial instrument" is any contract that gives rise to a financial asset in an entity and concomitantly a financial liability or ownership interest in another entity.

"Equity instrument" is any agreement that represents a residual participation in the assets of the issuing entity after the deduction of all its liabilities.

"Derivative" is the financial instrument whose value changes in response to changes in an observable market variable (such as interest rate, exchange rate, price of financial instruments, market index or credit rating), in which the initial investment is very low compared to other financial instruments with similar response to changes in market factors, and it is usually settled at a future date.

6.4.1. Recognition date

All financial assets and liabilities are initially recognised on trade date, that is, the date on which the Bank becomes a stakeholder of the instrument contractual relationship. Financial assets, purchases or sales requiring the asset to be delivered within a determined period established by the bylaws or market standards are included.

6.4.2. Initial recognition of financial instruments

The classification of financial instruments on initial recognition depends on the purpose for which they were acquired and on its characteristics. The classification of financial instruments pursuant to IFRS 9 is usually based on the business model in which a financial asset is managed, in addition to its contractual cash flow.

On initial recognition, financial assets and financial liabilities at fair value through profit or loss are initially measured at their fair value. The initial measurement of other financial instruments is based on their fair value but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument.

6.4.3. Subsequent classification and measurement of financial assets

The classification and subsequent measurement of financial assets depend on the business model and on the characteristics of its cash flows (Principal and Interest Payment Only – SPPI Test).

6.4.3.1. Business model:

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The financial assets can be managed to:

- a) collect contractual cash flows;
- b) collect contractual cash flows and sell; or
- c) any other type of management.

The business model process includes assessing the risks affecting the performance of the business model and how performance is reviewed by Management.

For the year ended in 31 December 2024 and 31 December 2025, the bank has only one business model (collect contractual cash flows)

6.4.3.2. SPPI Test

Consists of the evaluation of cash flows generated by the financial asset to identify solely for the payment of principal and interest (SPPI). Cash flows must include only consideration for the time value of money and the credit risk. Exceptions to these concepts will be measured at fair value.

Hybrid contracts are measured as a whole, including all built-in features, and are jointly measured at fair value.

6.4.3.3. Financial assets measured at fair value through profit or loss

Correspond to assets that satisfy one of the following conditions:

- a) financial assets that do not satisfy (after performing the “SPPI test – only for principal and interest”) the conditions of financial assets at amortised cost or fair value through other comprehensive income; or
- b) irrevocable election, of assets that meet the measurement requirements at amortised cost or at fair value through other comprehensive income, at initial recognition, for the purpose of eliminating or significantly reducing a measurement or recognition inconsistency.

6.4.3.4. Financial assets at fair value through other comprehensive income

Financial asset must be measured at fair value through other comprehensive income if both following conditions are addressed: (i) the financial asset is maintained within a business model whose purpose is achieved by means of payment of contractual cash flows and the sale of financial assets; and (ii) the contractual terms of the financial asset lead to cash flows on specific dates, which are composed only of payments of principal and interest.

Unrealized gains or losses are recognised in other comprehensive income. Upon maturity of the debt instrument, unrealized gains or losses previously recognised in other comprehensive income are reclassified to profit or loss as "Fair value gain/(loss) through other comprehensive income".

As of 31 December 2024, and 2025, the Bank has no financial instruments measured at fair value through other comprehensive income.

6.4.3.5. Financial assets at amortised cost

A financial asset must be measured at amortised cost if both characteristics are presented:

- a) If the financial asset is held within a business model whose purpose is to maintain financial assets to pay contractual cash flows; and
- b) The contractual terms of the financial asset led to cash flows on specific dates, which are composed only of payments of principal and interest. After initial measurement, financial assets will be measured at amortised cost using the effective interest rate method. The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

6.4.3.6. Financial liabilities

The financial liabilities are classified into one of the following categories:

- a) Financial liabilities measured at fair value through profit or loss: this category includes financial liabilities issued to generate short-term profit resulting from price changes, financial derivatives not considered as hedge accounting and financial liabilities resulting from direct sale of financial assets purchased through repurchase agreements or borrowed ("short positions").
- b) Other financial liabilities at fair value through profit or loss: financial liabilities are included in this category when there is more relevant information obtained, either because it eliminates or significantly reduces recognition or measurement inconsistencies ("accounting differences") arising from the measurement of assets or liabilities or the recognition of its gains or losses on a different basis because there is a managed group of financial assets and liabilities, which is managed and whose performance is evaluated based on fair value, in accordance with a documented strategy of risk or investment management and the information on the Bank is provided to the Bank's key management professionals on the same basis.
- c) Financial liability at amortised cost: financial liabilities, regardless of their form and maturity, not included in any of the prior categories and resulting from financing raising carried out by financial institutions.

6.4.3.7. Derivative financial instruments

Derivative financial instruments are recorded at fair value and held as assets when the fair value is positive; and as liabilities when the fair value is negative. Changes in the fair value of derivatives are recognised in the statement of income under “Net gains/(losses) on financial assets at fair value through profit or loss”.

Derivative financial instruments used to mitigate the risks from exposures to changes in market value of financial assets and liabilities and that are highly correlated to alterations in their market value in relation to the market value of the item that is being protected, both at the beginning and throughout the life of the contract and considered effective in the reduction of risk associated with the exposure to be protected, are considered as hedge structures in compliance with the IFRS 9 and are classified according to their nature:

- a) Market risk hedge: the financial instruments classified into this category, as well as its related financial assets and liabilities, hedged item, are measured at fair value and have their gains and losses, realized or unrealized, recorded in the profit or loss; and
- b) Cash flow hedge: the instruments classified into this category are measured at fair value, and the effective the portion of gains or losses recorded, net of tax effects, in a separate account in the equity. The non-effective portion of the respective hedge is directly recognised in the profit or loss.
- c) Hedge of net investment in operations abroad - It is accounted for similarly to cash flow hedge, that is, the portion of gain or loss on the hedging instrument that is determined as an effective hedge is recognised in the equity and reclassified to profit (loss) for the year in case of disposal of the operation abroad. The non-effective portion is recognised in profit or loss for the year.

6.4.4. Determination of fair value

Financial instruments are measured according to the hierarchy of value measurement described below:

- a) Level 1: Price quotes observed in active markets for the same financial instrument.
- b) Level 2: Price quotes observable in active markets for financial instruments with similar characteristics or based upon pricing models for which significant parameters are based on observable factors in active markets.
- c) Level 3: Pricing models for which current market transactions or observable data are not available, and which require a high level of judgement and estimates. Instruments in this category were priced using valuation techniques for which at least one input, which could have a significant effect on the price, is not based on observation of market data. When inputs can be observed from market data without excessive costs and efforts, this input is used. Otherwise, the Bank determines an appropriate level for the input entry. Financial instruments basically include interest in private equity funds, unlisted shares arising from our Merchant Banking activities, some debt securities (debentures) of closely held companies and energy derivatives, whose pricing depends on unobservable inputs. No gain or loss is recognised on initial recognition of a financial instrument priced using techniques that consider unobservable inputs.

In certain cases, the data used to determine fair value may be at different levels of the fair value measurement hierarchy. In these cases, the financial instrument is classified in the most conservative category in which the relevant data for determination of fair value were classified. This assessment requires judgement and considers specific factors of the respective financial instruments. Changes in the availability of information may result in reclassifications of certain financial instruments between different levels of the fair value measurement hierarchy.

Financial assets valued at fair value in profit or loss: the Bank estimates fair values of financial instruments by applying the discount of cash flows at present value based on profitability curves that reflect the appropriate risk factors.

6.4.5. Derecognition of financial assets and liabilities

6.4.5.1. Financial assets

A financial asset (or the financial asset portion that may be invested or a group of similar assets) is derecognised when the rights to receive cash flows from the asset have expired or there is a transfer of the right to receive cash flow from the asset or an assumption of an obligation to pay the cash flow received, in full and without material delay, to a third party due to a transfer agreement, and: (i) there is a substantial transfer of all risks and rewards of the asset; or (ii) there is no substantial transfer or substantial retention of all risks and rewards of the asset, but there is a transfer of control over the asset.

6.4.5.2. Financial liabilities

A financial liability is charged off when obligation in relation to the liability is eliminated, canceled or expired. When an existing financial liability is replaced by another one from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the exchange or modification is treated as a write-off of the original liability and recognition of a new liability, and the difference in book value is recognised in the profit or loss for the year.

6.4.6. Write-offs

Financial assets are written off either in their entirety or partially when the Bank has no reasonable expectation of recovering the asset in its entirety, or a portion thereof. If the amount to be written off is greater than the accumulated loss allowance, the difference will be an additional impairment loss, which is presented as an addition to the allowance applied against the gross carrying amount. Any subsequent recoveries are credited to net impairment loss on financial assets.

The following events represent examples of circumstances which could lead to a full or partial write-off:

- The borrower is declared bankrupt or insolvent, especially in the case of unsecured exposures where the liquidator or administrator has indicated that there aren't sufficient resources available to satisfy the unsecured creditors;
- There is external evidence (for example, third-party valuations) available that there has been an irreversible decline in expected cash flows and, accordingly, the Bank has no reasonable expectation of recovery, or
- Individually assessed loans that are secured are generally written off after the receipt of the proceeds from the realization of the security, and there is no expectation that any further amounts will be recovered by any other means.

6.4.7. Impairment of financial assets

Pursuant to IFRS 9, upon initial recognition of a financial instrument, the Bank should prepare projections of possible expected losses over a period of 12 months and recognise a provision, regardless of whether or not a loss is incurred. If the Bank anticipates a significant deterioration in the credit quality of its counterparties, it should recognise a provision in the amount of all expected losses over the life of the financial instrument, and not only for the subsequent 12 months.

6.4.7.1. Measurement

Expected credit losses ("ECL") are measured as probability-weighted estimates of expected cash shortfalls, discounted using the original effective interest rate.

A cash shortfall represents the difference between the contractual cash flows that are due to the Bank under the contract and the cash flows that the Bank expects to receive.

Financial assets that are not credit-impaired at the reporting date (Stages 1 and 2)

For financial assets that have not been reduced to their recoverable value at the reporting date, ECL is measured as the present value of expected cash shortfalls, taking into account: (i) the probability of default (PD), (ii) the exposure at default (EAD), and (iii) the loss given default (LGD).

Stage 1: 12-month ECL is recognised, representing the portion of lifetime ECL resulting from default events that are possible within 12 months after the reporting date.

Stage 2: Lifetime ECL is recognised for financial assets that have experienced a significant increase in credit risk since initial recognition.

Credit-impaired financial assets (Stage 3)

For credit-impaired financial assets, ECL is measured as the difference between the gross carrying amount and the present value of expected future cash flows, discounted at the original effective interest rate.

For assets classified in Stage 3, interest income is recognised on the net carrying amount, i.e. after deduction of the loss allowance.

Loan commitments

For undrawn loan commitments, ECL is measured as the present value of expected cash shortfalls arising from the difference between the contractual cash flows that would be due to the Bank if the commitment were drawn and the cash flows the Bank expects to receive, taking into account the expected utilisation of the commitment over its expected life.

The Bank applies a three-stage approach to measure the expected credit loss, in which the financial assets migrate from one stage to another according to the changes in credit risk.

Financial guarantee contracts

For financial guarantee contracts, the Bank measures the related liability at the higher of the amount initially recognised less cumulative amortisation and the expected credit loss provision.

ECL for financial guarantee contracts is measured as the present value of expected payments that the Bank expects to make to reimburse the beneficiary for a credit loss incurred, net of any amount expected to be recovered.

Credit risk staging and migration

The Bank applies a three-stage impairment model under IFRS 9, whereby financial assets migrate between stages based on changes in credit risk:

- a) Stage 1 - Expected credit losses for 12 months: represents the possible default events within 12 months. Applicable to financial assets derived from or purchased without credit recovery problems.
- b) Stage 2 - Expected credit loss throughout life of financial instrument: considers all possible default events. Applicable to financial assets derived or purchased without credit recovery issues whose credit risk significantly increased; and
- c) Stage 3 - Expected credit loss for assets with impairment issues: considers all possible default events. Applicable to financial assets derived from or purchased with credit recovery problems. The measurement of assets classified in this stage differs from stage 2 because interest income is recognised by applying the effective interest rate to the amortised cost (net of allowance) and not to the gross book value.

An asset will migrate from stage to stage as its credit risk increases or decreases. Thus, a financial asset that has migrated to stages 2 and 3 may return to stage 1, unless it was originated or purchased with credit recovery issues.

Indicators of significant increase in credit risk and credit impairment

The Bank considers both quantitative and qualitative indicators when assessing changes in credit risk.

The main evidence of deterioration of the credit quality of a counterparty are:

- a) A significant decrease in the fair value of a financial instrument during an extended period.
- b) Non-compliance with contractual terms due to late payment of interest or principal.
- c) Deterioration in payment capacity and operating performance.
- d) Non-compliance with covenants.
- e) A significant change in the performance of the market in which the counterparty operates; and
- f) Reduced liquidity of the financial asset due to borrower's financial issues

Write-offs

The Bank writes off the gross carrying amount of its financial instruments when there is no probable expectation of fully or partially recovering the contractual cash flows of financial assets.

Forward-looking information

The IFRS 9 framework requires the incorporation of forward-looking information to ensure ECL reflects current and future economic expectations. In this methodology, the Systemic Factor serves as the mathematical link between the credit risk model and the real economy.

The Bank has selected Gross Domestic Product (GDP) growth as the primary macroeconomic driver for the ECL model.

This decision is based on the fact that GDP is frequently updated and serves as a comprehensive proxy for the overall economic health, capturing the combined impact of consumer spending, industrial production, and investment levels.

6.4.8. Financial guarantees and undrawn loan commitments

Financial guarantee contracts represent irrevocable commitments under which the Bank undertakes to make specified payments to reimburse the holder for a loss incurred if a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The nominal contractual amount of financial guarantees is not recognised in the statement of financial position and is disclosed as an off-balance-sheet exposure.

Upon issuance, financial guarantee contracts are recognised in the statement of financial position as a liability, presented under Provisions, and measured at fair value, which corresponds to the premium received.

Where no significant premium is charged, the financial guarantee contract is initially recognised at fair value. Subsequently, the financial guarantee liability is measured at the higher of (i) the amount initially recognised less cumulative amortisation and (ii) the expected credit loss provision.

In cases where both the initial fair value and the resulting expected credit loss are immaterial, the resulting liability is immaterial and is therefore not separately recognised in the statement of financial position in accordance with the materiality principle.

The premium received upon issuance of financial guarantees is recognised in the income statement within Net fees and commission income on a straight-line basis over the contractual life of the guarantee.

Undrawn loan commitments represent irrevocable commitments under which, during the term of the commitment, the Bank is obliged to provide credit to a customer under prespecified contractual terms. These commitments fall within the scope of the ECL requirements, consistent with the treatment applied to financial guarantee contracts.

All loan commitments are provided on market terms, and their nominal contractual amounts are not recognised in the statement of financial position. The nominal amounts of these off-balance-sheet exposures, together with the associated ECL allowances, are disclosed in Note 7.4.7.

6.4.9. Financial instruments – Net presentation

Financial assets and liabilities are presented net in the balance sheet if, and only if, there is a current legal and enforceable right to offset the recognised amounts and if the intention of offsetting, or realizing the asset and settling the liability simultaneously, in accordance with IAS 32.

6.4.10. Fair value of financial instruments not measured at fair value

31 December 2025		Fair value	Fair value	Fair value	Fair value
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost	589,798	-	614,527	-	614,527
Loans and advances to customers	498,019	-	518,949	-	518,949
Debt securities	91,779	-	95,578	-	95,578
Total financial assets	589,798	-	614,527	-	614,527
Financial liabilities at amortised cost	822,807	115,345	709,906	-	825,251
Deposits	551,797	115,345	437,816	-	553,161
Securities	158,746	-	159,016	-	159,016
Borrowings	112,264	-	113,074	-	113,074
Total financial liabilities	822,807	115,345	709,906	-	825,251

31 December 2024		Fair value	Fair value	Fair value	Fair value
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost	327,443	-	339,250	-	339,250
Loans and advances to customers	226,910	-	237,229	-	237,229
Debt securities	100,533	-	102,021	-	102,021
Total financial assets	327,443	-	339,250	-	339,250
Financial liabilities at amortised cost	438,279	88,447	350,587	-	439,034
Deposits	309,542	88,447	221,664	-	310,111
Securities	128,737	-	128,923	-	128,923
Borrowings	-	-	-	-	-
Total financial liabilities	438,279	88,447	350,587	-	439,034

- (i) Cash and cash equivalents have been excluded from the calculation above due to its short-term maturity.
- (ii) Loans and advances to customers are net of provisions for impairment. The estimated fair value of loans and advances to customers represents the discounted amount of estimated future cash flow expected to be received up to the next interest reset date. Expected cash flows are discounted at current market rates to determine fair value. Determined fair values are within level 2 of the fair value hierarchy.
- (iii) Debt securities held to maturity are reflected on an amortised cost basis. The estimated fair value is determined by discounting expected future cash flows at current market yields for instruments with similar characteristics. The fair values are generally within level 2 of the fair value hierarchy.
- (iv) The fair value of time deposits, certificates of deposit (securities) and borrowings is based on discounted cash flows using prevailing market interest rates for instruments with similar terms and remaining maturities. For liabilities with short-term maturities, the carrying amount approximates fair value as the impact of discounting is not significant. Determined fair values are within level 2 of the fair value hierarchy.

6.5. Recognition of revenues and expenses

6.5.1. Interest income and expenses

For all financial instruments measured at amortised cost, financial assets that collect interest classified as financial assets at fair value through other comprehensive income, interest income or expenses are recorded using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts or payments for the expected useful life of the financial instrument, or a shorter period if appropriate, to the net book value of the asset or liability. The calculation considers all contractual terms of the financial instrument and includes any incremental fees or costs that are directly attributable to the instrument and are integral parts of the effective rate, but not future credit losses.

If expectations of fixed rate financial assets' or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or liability with a corresponding profit or loss impact recorded under "Other operating income/ (expenses)".

For floating-rate financial instruments, periodic re-estimation of cash flows to reflect the movements in the market rates of interest also alters the EIR, but when instruments were initially recognised at an amount equal to the principal, re-estimating the future interest payments does not significantly affect the carrying amount of the asset or the liability.

However, for a reclassified financial asset for which the Bank subsequently increases its estimate of future cash receipts, the effect of the increase is recognised as an adjustment to the effective rate from the date of the estimate change.

Interest income (expense) is recognised in accordance with the elapsed time using the effective interest rate method.

6.5.2. Fee and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The Bank earn fee and commission income on various types of services it provides for its customers. Income from fees can be segregated into the following categories:

- a) **Wealth management fees:** Wealth management fees primarily include advisory fees and discretionary mandate fees earned for providing ongoing portfolio advisory, monitoring and investment management services to clients. These fees are typically calculated as a fixed percentage of the market value of the assets under management and are invoiced on a quarterly basis. As the customer simultaneously receives and consumes the benefits of these services over the contract period, revenue is recognised over time, on a straight-line basis, based on the passage of time.

Fees related to transactional advisory or one-off services are recognised at a point in time when the service is delivered.

- b) **Asset management fees:** Asset management fees consist of management and performance fees that are considered variable consideration. Management fees are invoiced quarterly and determined based on a fixed percentage of the net asset value of the funds under management at the end of the quarter. The fees generally crystallize at the end of each quarter and are not subject to a claw back.

Performance fees are based on returns in excess of a specified benchmark market return, over the contract period. Performance fees are typically received at the end of the performance period specified in the contract.

The Bank recognises revenue from performance fees over the contract period, but only to the extent that it is highly probable that a significant reversal of revenue will not occur in subsequent periods.

- c) **Custody fees:** The Bank earns a quarterly fee for providing its customers with custody services, which include the safekeeping of purchased securities. As the benefit to the customer of the services is transferred evenly over the service period, these fees are recognised as revenue evenly over the period, based on time elapsed. Payment of these fees is due and received quarterly in arrears.
- d) **Loan fees:** Loan fees include syndication, structuring, arrangement and other fees earned in connection with the origination or refinancing of loans.
 - Syndication and arrangement fees are recognised as revenue at the point in time when the Bank has performed the significant act of arranging or syndicating the loan and has no further material obligations to the borrower or other lenders.

- Structuring fees and other upfront lending fees that relate to the successful origination of a loan and are not considered an integral part of the effective interest rate are recognised as revenue when the related service is completed.

Fees that are considered to be an integral part of the effective interest rate of a financial instrument are deferred and recognised as an adjustment to interest income over the life of the loan using the effective interest method.

- e) Brokerage fees: The Bank buys and sells securities on behalf of its customers and receives a fixed commission for each transaction. The Bank's performance obligation is to execute the trade on behalf of the customer and revenue is recognised once each trade has been executed (i.e., on the trade date). Payment of the commission is typically due on the trade date.

The Bank pays certain sales commission to agents for each contract that they obtain for some of its brokerage services. The Bank has elected to apply the optional practical expedient for costs to obtain a contract which allows it to immediately expense such sales commission because the amortisation period of the asset that it otherwise would have used is one year or less.

6.6. Net trading income

Net trading income includes all gains and losses from changes in fair value and the related interest income or expense and dividends, for financial assets and financial liabilities held for trading. This includes any ineffectiveness recorded on hedging transactions.

6.7. Net gains/(losses) on financial assets and liabilities designated at fair value through profit or loss

Net gains/(losses) on financial instruments at FVPL represents non-trading derivatives held for risk management purposes used in economic hedge relationship but not qualifying for hedge accounting relationships, financial assets and financial liabilities designated as at FVPL and also non-trading assets measured at FVPL, as required by or elected under IFRS 9. The line item includes fair value changes, interest, dividends and foreign exchange differences.

6.8. Investment in subsidiary

Investment in subsidiary is initially recognised at cost. Cost includes the purchase price and any directly attributable transaction costs necessary to acquire the investment.

After initial recognition, these investments continue to be measured at cost less accumulated impairment losses.

The cost method is applied because the Bank does not prepare consolidated financial statements and therefore accounts for these interests as non-consolidated investments.

Dividend income from the investments is recognised under "Other income".

6.9. Property, plant and equipment

Property, plant and equipment are carried at cost, excluding maintenance costs, less accumulated depreciation and impairment. Changes in the estimated useful life are accounted for as changes in the amortisation method or period and properly treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment at its residual value throughout its estimated useful life.

Depreciation of owned assets is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- | | |
|---------------------------|----------|
| a) Leasehold improvements | 10 years |
| b) Computer and hardware | 4 years |
| c) Other furniture | 4 years |

Property and equipment are written down upon disposal or when future economic benefits are no longer expected from their use. Any gain or loss generated on the disposal of the asset (calculated as the difference between the net funds from the disposal and the book value of the asset) is recognised in “Other income” in the statement of comprehensive income for the year in which the asset was disposed of.

6.10. Intangible assets

Intangible assets are carried at cost and include assets acquired and value of computer software. An intangible asset is only recognised when its cost can be reliably measured, and it is probable that the expected future economic benefits attributed to it will be realized.

Amortisation expenses for intangible assets with finite useful lives are recognised in the statement of income under “Depreciation and amortisation”, according to their useful life. Intangible assets with an indefinite useful life are not amortised, but tested annually to identify possible impairment losses, which are recognised by the amount that the book value of the asset exceeds its recoverable value, being accounted for in the statement of income under IFRS.

The Bank current have only asset with finite useful lives and amortize it in 4 years on a straight-line basis.

6.11. Lease

The Company assesses at contract inception whether a contract is or contains a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

6.11.1. Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (refer to note 10).

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expenses on a straight-line basis over the lease term.

6.12. Impairment of non-financial assets

Investments in affiliate and assets with an indefinite useful life, such as goodwill, are not subject to amortisation and are tested every year to assess potential impairment. Assets that are subject to amortisation are assessed annually or whenever events or changes in circumstances indicate that the book value may not be recoverable. An impairment loss is recognised for the amount by which the book value of the asset exceeds its recoverable value. The latter is the higher of the asset's fair value less its costs of disposal and value in use. Asset valuations are prepared separately for each of the Company's CGUs (Cash Generating Units, i.e. the lowest level for which there are separately identifiable cash flows) to which the individual assets are allocated.

The most recent impairment test of the Bank's subsidiary was performed as of 31 December 2025. The recoverable amount of the relevant CGU was determined based on value in use, calculated using a discounted cash flow methodology. The cash flow projections were derived from management-approved business plans and budgets and discounted using a rate reflecting the current market assessment of the time value of money and the risks specific to the CGU.

Based on the results of this impairment test, no impairment loss was recognised.

6.13. Provision, contingent liabilities, and contingent assets

Recognised in the balance sheet and/or disclosed in the financial statements according to the probability estimate for each of the items indicated below. These estimates are made by management based on the interpretations of external legal advisors.

6.13.1. Provision

A provision is a liability of uncertain timing or amount and must be recognised in the balance sheet only when:

- The Bank has a present obligation (legal or non-formalized) as a result of a past event.
- an outflow of funds to settle the obligation is probable; and
- the amount can be reliably estimated.

6.13.2. Contingent liabilities

A contingent liability is:

- a possible obligation whose existence can be confirmed only on the occurrence of uncertain future events; or
- a present obligation for which it is not probable that an outflow of funds will be required to settle the obligation or whose amounts cannot be reliably measured.

Contingent liabilities are not recognised in the balance sheet, but, when relevant, are disclosed in the Bank's financial statements, unless the likelihood of an outflow of funds is remote.

Contingent liabilities are periodically reassessed to determine if an outflow of funds becomes probable. If this happens, the provision must be recognised in the financial statements for the period in which the change in the probability estimate occurs.

6.13.3. Contingent assets

A contingent asset is a likely asset whose existence of which will be confirmed only on the occurrence of one or more uncertain future events.

Contingent assets are not recognised in the balance sheet, but, when relevant, are disclosed in the Bank's financial statements when it is probable that economic benefits will flow to the entity.

6.14. Current taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Bank operates and generates taxable income.

Current income tax relating to items recognised directly in equity or other comprehensive income is recognised in equity or other comprehensive income respectively and not in the statement of profit or loss.

6.15. Deferred taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are also recognised on unused tax losses and unused tax credits only to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences
- b) In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the income statement except for tax related to the fair value remeasurement of debt instruments at fair value through OCI, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI.

These exceptions are subsequently reclassified from OCI to the income statement together with the respective deferred loss or gain. The Bank also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Bank only offsets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Bank's intention to settle on a net basis.

6.16. Segment reporting

IFRS 8 requires operating segments to be identified based on the internal financial information that is regularly reviewed by the Chief Operating Decision Maker ("CODM") for the purpose of allocating resources and assessing performance.

The Management Board, acting as the CODM, reviews the Bank's performance and makes strategic and resource allocation decisions solely on the basis of the Bank financial information, as reflected in the daily key performance indicators and monthly management reporting packs.

The Bank operates under an integrated business model, with activities such as wealth management, treasury, corporate lending and deposit-taking managed collectively under a centralized governance, risk management and support framework. Strategic planning, budgeting, performance evaluation and the allocation of capital, funding and other resources are performed at Bank-wide level. Key performance metrics, including profitability, cost efficiency, capital, liquidity and risk exposures, are therefore monitored on a consolidated basis.

Accordingly, the Bank has determined that it operates in a single operating segment for the purposes of IFRS 8.

6.16.1. Geographical information

The following tables show the distribution of the Bank's external net operating income and non-current assets allocated based on the location of the customers and assets respectively for the years ended 31 December:

31/12/2025

	Luxembourg	Iberia	Rest of Europe	Other	Total
Interest revenue calculated using the effective interest method	11,977	16,031	3,165	8,240	39,413
Interest expense calculated using the effective interest method	(6,813)	(2,949)	(4,694)	(2,852)	(17,308)
Net interest income	5,164	13,082	(1,529)	5,388	22,105
Fee and commission income	818	8,543	4,456	2,850	16,667
Fee and commission expenses	(25)	(115)	(78)	(287)	(505)
Net fee and commission income	793	8,428	4,378	2,563	16,162
Net gains/ (losses) on financial assets at FVPL	473	-	-	-	473
Net gains/ (losses) from foreign exchange	51	-	-	-	51
Net impairment loss on financial assets	(487)	(360)	(287)	(418)	(1,552)
Other income	1,725	1,919	-	-	3,644
Net operating income	7,719	23,069	2,562	7,533	40,883
Non-current assets	18,882	1,044	-	-	19,926

31/12/2024

	Luxembourg	Iberia	Rest of Europe	Other	Total
Interest revenue calculated using the effective interest method	10,164	2,915	1,002	1,677	15,758
Interest expense calculated using the effective interest method	(3,856)	(226)	(86)	(93)	(4,261)
Net interest income	6,308	2,689	916	1,584	11,497
Fee and commission income	2,968	1,593	226	28	4,815
Fee and commission expenses	(321)	-	-	-	(321)
Net fee and commission income	2,647	1,593	226	28	4,494
Net gains/ (losses) on financial assets at FVPL	6	-	-	-	6
Net gains/ (losses) from foreign exchange	434	-	-	-	434
Net impairment loss on financial assets	(7)	(482)	(2,384)	(5)	(2,878)
Other income	578	-	-	-	578
Net operating income	9,966	3,800	(1,242)	1,607	14,131
Non-current assets	13,955	-	-	-	13,955

For the year ended 31 December 2025 and 31 December 2024, no revenue generated from transactions with any single external customer or counterparty amounted to 10% or more of the Bank's total revenue.

7. Risk management

7.1. Risk management framework

BTG Pactual Europe conducts business across Europe and other international markets. Although risk is an inherent element of the Bank's operations, it is controlled through a comprehensive risk-management framework. This framework encompasses the continuous identification, assessment, and monitoring of risks, supported by defined risk limits and internal controls. Effective risk management is essential to maintaining the Bank's profitability, and all employees are responsible for managing the risks arising from their respective functions.

The Bank faces exposure to credit risk, liquidity risk, and market risk—distinguished between trading and non-trading activities. It is also exposed to country risk, as well as a range of operational and business risks.

The Bank manages risks as required with risk limits for the Bank as a whole, for portfolios and for contract partners. All risk limits are derived from the available risk capital.

7.1.1. Risk management structure

The Management Board holds ultimate responsibility for establishing the Bank's risk strategy and ensuring that the principles, frameworks, policies, and limits for risk management are implemented across the organisation. The Management Board oversees key risk decisions, monitors the Bank's overall risk profile, and reports regularly to the Supervisory Board.

The Supervisory Board is responsible for approving the risk strategy, including the Bank's risk-bearing capacity, risk appetite, and the overarching principles guiding risk management, based on proposals submitted by the Management Board.

The Risk Management function is responsible for implementing, maintaining, and further developing the methods, procedures, and limits required to ensure an effective and independent risk-control process. The function collaborates closely with the Management Board and provides regular reporting to support adherence to the approved framework.

The Internal Audit function independently reviews the effectiveness of the Bank's risk-management system, including governance arrangements, procedures, and compliance with established policies. Audit findings and recommendations are communicated to senior management and reported to the Supervisory Board.

7.1.2. Risk governance and risk management strategies and systems

The Bank determines the available risk capital in accordance with the criteria set out in its governance documents. The risk capital essentially consists of equity, statutory reserves, other reserves and the current results, considering various deductible items such as standard operating costs, deferred taxes and a capital conservation buffer. The sum of the risks aggregated should not exceed the risk capital calculated in this way, and the utilisation of the overall Bank limit, which is set depending on the amount of risk capital, is monitored and measured. This is done by means of a traffic light system. Depending on the utilisation, a distinction is made between the green, yellow and red phases, and appropriate measures are taken based on the phase.

The utilisation of the overall Bank limit is made up of various individual limits that are allocated for each significant risk type. The remaining difference serves as implicit backing for other risks that are defined as immaterial for the Bank or are not specifically backed with risk capital.

The overall risk management concept consists of several components and documents. The Bank's "risk strategy" describes the Bank's risk appetite, the principles of risk management and its organisation. The "Risk Manual" creates transparency about the Bank's risk management system for all employees responsible for measuring, monitoring and managing risks and can be seen as a comprehensive systematic navigator for the existing risk management and controlling processes. The "Risk-bearing capacity concept" explains how risk-bearing capacity is determined in the economic and normative management circle. As part of the "Risk Management Policy", the "Stress Test Program" to be approved annually by the Bank's Management Board is a key component of the Bank's active risk management. The document also regulates the methodological framework and the time intervals for measurement and monitoring as well as the corresponding responsibilities. This is supplemented by a detailed set of rules consisting of functional descriptions, work instructions and the organisational manual. All documents in the rules and regulations, including the limit systems, are regularly reviewed to ensure that they are up to date and appropriate and adjusted if necessary.

7.2. Regulatory capital and operational limits

Capital management

The Bank manages its capital with the objective of ensuring continuous compliance with the regulatory capital requirements applicable in Luxembourg, while maintaining a strong capital base to support sustainable business operations and the Bank's ability to continue as a going concern. Capital management is aligned with the prudential supervisory framework established under European and local regulations, which define minimum capital ratios and qualitative requirements regarding the composition and quality of capital.

Capital is managed primarily in the form of regulatory Tier 1 capital, which includes paid-up share capital, share premium, retained earnings and reserves. In determining eligible regulatory capital, regulatory deductions such as intangible assets and deferred tax assets are applied in accordance with applicable rules.

In addition to maintaining compliance with minimum regulatory capital requirements, the Bank seeks to operate with a prudent capital buffer above these minima. This buffer is intended to absorb potential losses arising from adverse economic conditions, unexpected risk events or changes in regulatory requirements, as identified through stress testing and scenario analysis performed under the ICAAP framework.

Should capital ratios come under pressure as a result of adverse developments, management has identified a range of capital management actions that may be applied, depending on the severity and nature of the stress scenario. Such actions may include balance sheet and risk-weighted assets optimization, as well as, where appropriate, the raising of additional capital from shareholders in order to restore capital buffers to targeted levels.

Management reviews the capital position on a regular basis and stands ready to implement these measures as necessary to ensure the Bank's ongoing financial strength and regulatory compliance.

	2025	2024
Common Equity Tier1 (CET1) capital	399,810	206,292
Other Tier 2 capital instruments	-	-
Total capital	399,810	206,292
Risk-weighted assets	663,539	360,699
CET1 and Total capital ratio	60.3%	57.2%

The Bank opted for the basic indicator approach for measuring operating risk.

In the years ended 31 December 2025 and 2024, all prudential and operating limits are fully complied with.

7.3. Market Risk

Market risk represents the risk of losses arising from changes in market prices, including interest rates, equity prices and fund prices. The Bank manages market risk through a defined risk management framework, including quantitative measurement techniques, limits and stress testing.

Market risk exposure is primarily measured using Value at Risk (VaR), supplemented by scenario analysis and stress testing. VaR estimates the potential loss over a defined holding period at a given confidence level, based on adverse market movements. The Bank applies a historical simulation methodology with full revaluation, and the model's performance is assessed through regular back-testing.

Interest rate risk is measured using an economic VaR approach at a 99.9% confidence level with a 250-day holding period, based on contractual cash flows discounted using external interest rate curves. In addition, stressed interest rate scenarios are applied in accordance with the EBA Guidelines on interest rate risk in the banking book, including parallel and non-parallel yield curve shifts.

Interest Rate Risk in the Banking Book (IRRBB) is managed and measured separately from market risk. IRRBB arises from the impact of changes in interest rates on the Bank's banking book positions, affecting both the economic value of equity (EVE) and net interest income (NII). The Bank measures IRRBB in accordance with the EBA Guidelines on IRRBB, applying prescribed supervisory shock scenarios, including parallel and non-parallel yield curve shifts, as well as changes in the slope and curvature of the yield curve. IRRBB exposures are monitored against internal limits and are subject to regular reporting and governance.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank actively monitors open foreign currency positions on a daily basis to ensure effective risk management. These positions primarily arise from client deposits, which are appropriately hedged to mitigate exposure to foreign currency fluctuations ensuring that it remains well-protected against foreign exchange risks, maintaining stability in its financial position.

Equity and fund price risk, where applicable, is measured using a historical simulation VaR at a 99.9% confidence level and a 10-day holding period, under both unstressed and stressed market conditions.

VaR is subject to inherent limitations, as it does not fully capture extreme market events or losses beyond the selected confidence level. Accordingly, VaR-based measures are complemented by stress testing and scenario analysis, while IRRBB is assessed using dedicated non-VaR methodologies, to provide a comprehensive view of the Bank's exposure to interest rate movements across both the trading and banking books.

7.3.1. Interest rate risk

The following table provides an analysis of the Bank's interest rate risk exposure on non-trading financial assets and liabilities. The Bank's assets and liabilities are included at carrying amount and categorized by the earlier of contractual repricing or maturity dates.

31 December 2025	Carrying amount	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing
Financial assets						
Cash and cash equivalents	636,226	614,697	-	-	-	21,529
Financial assets at FVPL	-	-	-	-	-	-
Financial assets at amortised cost	589,798	26,917	191,088	351,364	20,429	-
Loans and advances to customers	498,019	26,917	191,088	259,585	20,429	-
Debt securities	91,779	-	-	91,779	-	-
Total financial assets	1,226,024	641,614	191,088	351,364	20,429	21,529
Financial liabilities						
Financial liabilities at amortised cost	822,807	209,254	383,133	104,304	10,771	115,345
Deposits	551,797	168,357	154,122	103,202	10,771	115,345
Securities	158,746	19,437	138,207	1,102	-	-
Borrowings	112,264	21,460	90,804	-	-	-
Total financial liabilities	822,807	209,254	383,133	104,304	10,771	115,345
Total sensitivity gap	403,217	432,360	(192,045)	247,060	9,658	(93,816)

31 December 2024	Carrying amount	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing
Financial assets						
Cash and cash equivalents	315,882	136,405	-	-	-	179,477
Financial assets at FVPL	2,531	-	-	-	2,531	-
Financial assets at amortised cost	327,443	120,108	64,672	141,238	1,425	-
Loans and advances to customers	226,910	29,585	54,662	141,238	1,425	-
Debt securities	100,533	90,523	-	10,010	-	-
Total financial assets	645,856	256,513	54,662	151,248	3,956	179,477
Financial liabilities						
Financial liabilities at amortised cost	438,279	230,805	114,627	4,400	-	88,447
Deposits	309,542	166,314	50,381	4,400	-	88,447
Securities	128,737	64,491	64,246	-	-	-
Borrowings	-	-	-	-	-	-
Total financial liabilities	438,279	230,805	114,627	4,400	-	88,447
Total sensitivity gap	207,577	25,708	(59,965)	146,848	3,956	91,030

(a) Sensitivity analysis

The Bank performs sensitivity analyses to assess the impact of changes in major market risk factors on net interest income (NII) and on the economic value of equity (EVE). For interest rate risk, the Bank evaluates how shifts in market rates affect forecasted interest income in the short term (NII) and the present value of future cash flows in the long term (EVE).

(b) Stress tests

Sensitivity analysis is complemented by stress tests that assess the impact of extreme but plausible market scenarios on the Bank's earnings and capital. These stress tests capture severe movements in interest rates, spreads, and foreign exchange markets, and help identify vulnerabilities in the Bank's risk profile.

The Value-at-Risk (VaR) framework is used to estimate potential losses under normal market conditions, based on a historical simulation approach with a 99% confidence level and a 10-day holding period.

The worst impact on the Statement of profit and loss and other comprehensive income from the EBA EVE Stress testing comes from short rates shock up and amount to EUR -4.5 million (2024: EUR -4.3 million for short rates shock up).

7.3.2. Currency risk

The table below indicates the currencies to which the Bank had significant exposure at the end of the reported periods, measured in Euros equivalent.

A negative amount in the table reflects a potential net reduction in the income statement or equity, while a positive amount reflects a net potential increase.

31/12/2025	Change in the currency rate	Exposure (EUR equivalent)	Effect on profit before tax	Effect on equity
Currency				
USD	+100bps	152	17	17
GBP	+100bps	1,966	218	218
31/12/2024	Change in the currency rate	Exposure (EUR equivalent)	Effect on profit before tax	Effect on equity
Currency				
USD	+100bps	419	47	47
GBP	+100bps	1,174	130	130

7.3.3. Equity and fund risk

Equity and fund risk are immaterial to the Bank.

7.4. Credit Risk

Credit risk is the risk that the Bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations.

The Bank employs a comprehensive risk management framework to monitor and mitigate credit risk, ensuring compliance with established limits and timely assessment of incoming payments. Regular collateral evaluations are conducted to verify the adequacy of security coverage and minimize potential credit losses.

The Bank's rating framework includes a two-dimensional credit rating system and a fundamental overhaul of the Significant Increase in Credit Risk (SICR) process, enhancing the Bank's ability to identify and respond to changes in risk profiles.

The Bank's credit exposure is diversified across multiple lending segments:

- Lombard Loans – Secured by liquid securities with appropriate loan-to-value (LTV) coverage.
- Real Estate Loans – Primarily backed by real estate, ensuring strong collateralization.
- Corporate Credit – Secured in accordance with the Bank's policies, aligning with industry risk standards.
- Other loans – A portion of these loans is unsecured, reflecting tailored risk assessments for business growth.

7.4.1. Definition of default and credit-impaired

The Bank considers a financial asset to be in default, and therefore credit-impaired (Stage 3), when the obligor is more than 90 days past due on any material obligation or is assessed as unlikely to pay its credit obligations in full without recourse to collateral realization or other credit protection. Indicators of unlikeliness to pay include, among others, severe financial difficulty, significant breaches of contract, high probability of bankruptcy or insolvency, distressed debt restructuring (forbearance with loss for the Bank) and other qualitative UTP (Unlikely-to-Pay) events identified by Credit Risk Control. All defaulted exposures are classified as non-performing exposures (NPEs), although not all NPEs are necessarily in default.

7.4.2. Cure and exit from default / NPE status

A defaulted or non-performing exposure may be reclassified to performing status when the default/NPE criteria are no longer met, all material past-due amounts (including those arising from forbearance) have been repaid, and Credit Risk Control concludes that the obligor is expected to meet its obligations on a timely basis. For non-forborne NPEs, this normally requires that no amounts are more than 90 days past due and that the borrower has demonstrated sustainable payment performance over a minimum cure period of 12 months. Forborne NPEs are subject to longer cure and probation periods in line with CRR Article 47a before exiting NPE and forborne status. After cure, the exposure is classified in Stage 2 or Stage 1 based on the updated assessment of SICR.

7.4.3. Significant increase in credit risk and staging

On initial recognition, all financial assets are classified in Stage 1. The Bank assesses at each reporting date whether there has been a SICR since origination, based on changes in internal or external ratings, days-past-due status, forbearance measures and other quantitative and qualitative factors. Exposures with SICR are transferred to Stage 2 and are subject to lifetime ECL. As a backstop, all exposures more than 30 days past due are classified at least in Stage 2. Exposures that meet the Bank's default definition are classified in Stage 3 with a PD of 100%.

7.4.4. Exposure at default (EAD)

EAD represents the expected exposure in the event of default, including the current outstanding, accrued interest and fees, and the estimated future drawings on committed but undrawn facilities through the application of credit conversion factors. For revolving facilities, EAD reflects expected utilisation patterns up to the point of default.

7.4.5. Loss given default (LGD) and collateral

LGD estimates reflect the Bank's expectations of recovery rates in the event of default, taking into account the seniority of the exposure, sector, jurisdiction, presence and quality of collateral and any credit enhancements. For secured exposures, the recoverable value of collateral is based on haircuts and lending values determined under the Bank's collateral and liquid-assets lending value policies, which differentiate between cash, securities, real estate and other forms of collateral and incorporate market liquidity, volatility and, where relevant, expert valuations. Regulatory and IFRS 9 LGDs are calibrated separately and are subject to a minimum LGD floor to cover recovery and workout costs.

7.4.6. Internal rating system and probability of default (PD)

The Bank assigns an internal credit rating to each counterparty. The methodology employs a model based on the Merton-Vasicek framework to adjust historical default rates into forward-looking estimates. While historical data provides a Through-the-Cycle (TTC) PD, IFRS 9 requires a Point-in-Time (PiT) PD that reflects current and forecasted macroeconomic conditions.

The Bank has selected Gross Domestic Product (GDP) growth as the primary macroeconomic driver for the ECL model. This decision is based on the fact that GDP is frequently updated and serves as a comprehensive proxy for the overall economic health, capturing the combined impact of consumer spending, industrial production, and investment levels.

The Bank utilises the International Monetary Fund (IMF) World Economic Outlook (WEO) Database as its external data provider. It is used the historical data to calibrate the regression model and determine the sensitivity of the portfolio to economic shifts.

A regression model is used to quantify the relationship between historical default rates and GDP growth. Based on this relationship, three economic scenarios are constructed:

- Baseline Scenario: Aligned with the IMF's central GDP forecast.
- Upside Scenarios: Derived by applying a positive shock of +50% relative to the baseline forecast.
- Downside Scenarios: Derived by applying a negative shock of -50% relative to the baseline forecast.

Recently, the bank enhanced its ECL methodology for the December 2025 impairment calculation. To support assessment of the change, management performed a retrospective ECL calculation as of 31 December 2024 using the updated methodology. Forward looking macroeconomic inputs used in the ECL estimate are based on external IMF forecasts (i.e., GDP growth). For the retrospective 31 December 2024 run, archived IMF forecast 'vintages' applicable to that reporting date were not accessible retrospectively; therefore, management used the closest available IMF forecast set as a proxy input, the IMF forecasts as of 2025. Management commits to update the macroeconomic assumptions at each reporting date using the most recent reasonable and supportable information available and documents changes in significant assumptions and methodologies and the reasons for those changes. Nevertheless, the ECL estimate reflects an unbiased and probability-weighted outcome by applying multiple macroeconomic scenarios (e.g., baseline, upside, downside) with associated probability weights determined by management based on available information at the reporting date.

GDP Growth Forecast - Baseline Scenario

Country / Year	2026	2027	2028	2029	2030
Spain	2.0%	1.7%	1.6%	1.6%	1.6%
France	0.9%	1.2%	1.3%	1.2%	1.2%
Portugal	2.1%	1.5%	1.7%	1.7%	1.7%
Luxembourg	2.1%	2.3%	2.2%	2.1%	2.1%
Brazil	1.9%	2.2%	2.3%	2.4%	2.5%
United States	2.1%	2.1%	2.1%	1.9%	1.8%
Austria	0.8%	1.6%	1.3%	1.0%	0.7%
Germany	0.9%	1.5%	1.2%	1.0%	0.7%
Malta	3.9%	4.0%	4.0%	4.0%	4.0%
Mexico	1.5%	2.0%	2.1%	2.1%	2.1%
Italy	0.8%	0.6%	0.7%	0.7%	0.7%
Other Advanced Economies	2.0%	2.1%	2.2%	2.1%	2.1%

GDP Growth Forecast - Optimistic Scenario

Country / Year	2026	2027	2028	2029	2030
Spain	2.9%	2.6%	2.4%	2.4%	2.4%
France	1.4%	1.8%	1.9%	1.9%	1.8%
Portugal	3.2%	2.2%	2.5%	2.5%	2.5%
Luxembourg	3.1%	3.4%	3.3%	3.2%	3.2%
Brazil	2.9%	3.4%	3.5%	3.6%	3.7%
United States	3.2%	3.1%	3.1%	2.8%	2.6%
Austria	1.1%	2.3%	2.0%	1.5%	1.1%
Germany	1.4%	2.2%	1.8%	1.5%	1.0%
Malta	5.9%	6.0%	6.0%	6.0%	6.0%
Mexico	2.3%	3.1%	3.2%	3.1%	3.1%
Italy	1.1%	0.9%	1.0%	1.1%	1.1%
Other Advanced Economies	3.0%	3.2%	3.2%	3.1%	3.1%

GDP Growth Forecast - Pessimistic Scenario

Country / Year	2026	2027	2028	2029	2030
Spain	1.0%	0.9%	0.8%	0.8%	0.8%
France	0.5%	0.6%	0.6%	0.6%	0.6%
Portugal	1.1%	0.7%	0.8%	0.8%	0.8%
Luxembourg	1.0%	1.1%	1.1%	1.1%	1.1%
Brazil	1.0%	1.1%	1.2%	1.2%	1.2%
United States	1.1%	1.0%	1.0%	0.9%	0.9%
Austria	0.4%	0.8%	0.7%	0.5%	0.4%
Germany	0.5%	0.7%	0.6%	0.5%	0.3%
Malta	2.0%	2.0%	2.0%	2.0%	2.0%
Mexico	0.8%	1.0%	1.1%	1.0%	1.0%
Italy	0.4%	0.3%	0.3%	0.4%	0.4%
Other Advanced Economies	1.0%	1.1%	1.1%	1.0%	1.0%

The resulting Z-scores for each scenario are then integrated into the Merton-Vasicek transformation to adjust the Probability of Default (PD) to a Point-in-Time (PiT) basis.

Below are the Bank internal credit rating grades.

Internal rating grade	Internal rating description	12-month Basel PD range	Rating Agency's rating
Performing			
AAA to AA-	Excellent	0.03% - 0.04%	Investment Grade
A+ to A-	Strong	0.04% - 0.06%	Investment Grade
BBB+ to BBB-	Satisfactory	0.09% - 0.22%	Investment Grade
BB+ to BB	Fair	0.28% - 0.50%	Speculative grade
BB- to B+	Weak	1.07% - 1.86%	Speculative grade
B to B-	Vulnerable	2.73% - 4.52%	Speculative grade
CCC to C	High Leverage	25.98% - 75%	Speculative grade
Non-Performing			
D	Default	100%	Default

7.4.7. Exposure by economic sector

The following table shows the main credit risk exposures based on book values and categorized by counterparty's economic sector:

31 December 2025

Industry	Loan and advances to customers	Debt securities	Commitment	Total
Real Estate	116,176	41,962	105,750	263,888
WM, Payroll & Consumer	119,605	-	25,078	144,683
Agribusiness	49,298	-	-	49,298
Food & Beverage	49,830	31,131	-	80,961
Infrastructure	45,775	-	-	45,775
Utilities	32,434	-	-	32,434
Machinery and equipment	31,133	-	-	31,133
Telecom	21,061	-	-	21,061
Healthcare	12,406	18,686	-	31,092
Financial institutions	-	-	-	-
Diversified Products	-	-	-	-
Others	20,301	-	-	20,301
Total	498,019	91,779	130,828	720,626

31 December 2024

Industry	Loan and advances to customers	Debt securities	Commitment	Total
Real Estate	46,613	10,010	33,974	90,597
WM, Payroll & Consumer	44,960	-	20,396	65,356
Agribusiness	-	-	-	-
Food & Beverage	-	-	-	-
Infrastructure	73,616	-	13,904	87,520
Utilities	-	-	-	-
Telecom	16,900	-	-	16,900
Healthcare	7,507	-	7,000	14,507
Financial institutions	-	90,523	-	90,523
Diversified Products	36,403	-	-	36,403
Others	911	-	-	911
Total	226,910	100,533	75,274	402,717

1 January 2024

Industry	Loan and advances to customers	Debt securities	Commitment	Total
Real Estate	6,540	-	100	6,610
WM, Payroll & Consumer	7,476	-	15	7,491
Agribusiness	-	-	-	-
Food & Beverage	-	-	-	-
Infrastructure	-	-	-	-
Utilities	-	-	-	-
Telecom	-	-	-	-
Healthcare	500	-	-	500
Financial institutions	900	-	-	900
Diversified Products	-	-	-	-
Others	1,513	-	1,395	2,908
Total	16,899	-	1,510	18,409

7.4.8. Exposure by rating category

The following table shows the main credit risk exposures based on gross values and categorized by rating category.

31/12/2025	Loan and advances to customers	Debt securities	Commitment	Total
AAA/AA	9,442	-	1,925	11,367
A	18,770	-	21,508	40,278
BBB	59,851	-	1,420	61,271
BB	383,052	92,060	105,975	581,087
B	28,243	-	-	28,243
CCC	-	-	-	-
Default	2,779	-	-	2,779
Total	502,137	92,060	130,828	725,025
31/12/2024	Loan and advances to customers	Debt securities	Commitment	Total
AAA/AA	-	90,523	-	90,523
A	-	-	-	-
BBB	55,377	-	-	55,377
BB	172,040	10,010	75,274	257,324
B	-	-	-	-
CCC	-	-	-	-
Default	2,383	-	-	2,383
Total	229,800	100,533	75,274	405,607
01/01/2024	Loan and advances to customers	Debt securities	Commitment	Total
AAA/AA	4,930	-	1,400	6,330
A	7,580	-	10	7,590
BBB	4,413	-	100	4,513
BB	-	-	-	-
B	-	-	-	-
CCC	-	-	-	-
Default	-	-	-	-
Total	16,923	-	1,510	18,433

Loans and advances

31/12/2025	Stage 1	Stage 2	Stage 3	Total
AAA/AA	9,442	-	-	9,442
A	18,770	-	-	18,770
BBB	59,851	-	-	59,851
BB	383,052	-	-	383,052
B	7,770	20,473	-	28,243
CCC	-	-	-	-
Default	-	-	2,779	2,779
Total	478,885	20,473	2,779	502,137
31/12/2024	Stage 1	Stage 2	Stage 3	Total
AAA/AA	-	-	-	-
A	-	-	-	-
BBB	55,377	-	-	55,377
BB	172,040	-	-	172,040
B	-	-	-	-
CCC	-	-	-	-
Default	-	-	2,383	2,383
Total	227,417	-	2,383	229,800

Individual Financial Statements
BTG Pactual Europe S.A.

01/01/2024	Stage 1	Stage 2	Stage 3	Total
AAA/AA	4,930	-	-	4,930
A	7,580	-	-	7,580
BBB	4,413	-	-	4,413
BB	-	-	-	-
B	-	-	-	-
CCC	-	-	-	-
Default	-	-	-	-
Total	16,923	-	-	16,923

Debt securities

31/12/2025	Stage 1	Stage 2	Stage 3	Total
AAA/AA	-	-	-	-
A	-	-	-	-
BBB	-	-	-	-
BB	92,060	-	-	92,060
B	-	-	-	-
CCC	-	-	-	-
Default	-	-	-	-
Total	92,060	-	-	92,060

31/12/2024	Stage 1	Stage 2	Stage 3	Total
AAA/AA	90,523	-	-	90,523
A	-	-	-	-
BBB	-	-	-	-
BB	10,010	-	-	10,010
B	-	-	-	-
CCC	-	-	-	-
Default	-	-	-	-
Total	100,533	-	-	100,533

01/01/2024	Stage 1	Stage 2	Stage 3	Total
AAA/AA	-	-	-	-
A	-	-	-	-
BBB	-	-	-	-
BB	-	-	-	-
B	-	-	-	-
CCC	-	-	-	-
Default	-	-	-	-
Total	-	-	-	-

Commitment

31/12/2025	Stage 1	Stage 2	Stage 3	Total
AAA/AA	1,925	-	-	1,925
A	21,508	-	-	21,508
BBB	1,420	-	-	1,420
BB	105,975	-	-	105,975
B	-	-	-	-
CCC	-	-	-	-
Default	-	-	-	-
Total	130,828	-	-	130,828

31/12/2024	Stage 1	Stage 2	Stage 3	Total
AAA/AA	-	-	-	-
A	-	-	-	-
BBB	-	-	-	-
BB	75,274	-	-	75,274
B	-	-	-	-
CCC	-	-	-	-
Default	-	-	-	-
Total	75,274	-	-	75,274

01/01/2024	Stage 1	Stage 2	Stage 3	Total
AAA/AA	1,400	-	-	1,400
A	10	-	-	10
BBB	100	-	-	100
BB	-	-	-	-
B	-	-	-	-
CCC	-	-	-	-
Default	-	-	-	-
Total	1,510	-	-	1,510

Undrawn credit commitments disclosed by the Bank include only irrevocable credit lines. Revocable commitments and uncommitted facilities, which the Bank may cancel unconditionally, are excluded.

7.5. Liquidity Risk

Liquidity risk is defined as the risk that the Bank does not have sufficient financial resources to meet obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Bank on acceptable terms. Funding risk arises when the Bank does not maintain a diversified and stable funding base, while minimizing its cost.

The Bank monitors and measures its liquidity in accordance with regulatory requirements. Throughout 2025 and 2024, the liquidity coverage ratio (LCR) and Net Stable Funding Ratio (NSFR) required by the regulatory authorities was generally well above the required minimums.

The Bank manages its liquidity risks through various instruments and measures. The Risk Strategy, which includes the Liquidity Risk Strategy, serves as an important guide for the fundamental orientation in dealing with liquidity risks. Furthermore, in Liquidity Risk Management, the Bank describes its specific liquidity risks, risk appetite, and outlines corresponding countermeasures, control instruments, and measurement tools. These are complemented by the Risk Management Policy, which provides relevant parameters for risk measurement, and by developed Stress Scenarios that serve to assess the resilience of liquidity adequacy. As of 31 December 2025, the Bank maintained a liquid balance sheet structure, with funding primarily through equity and customer deposits. Additionally, in 2025 the Bank began utilizing available funding facilities from credit institutions with the aim of further diversifying its funding sources.

The table below summarizes the contractual undiscounted cash flows for the Bank at 31 December 2025 and 2024:

31 December 2025	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	620,640	15,586	-	-	-	636,226
Financial assets at FVPL	-	-	-	-	-	-
Financial assets at amortised cost	443	27,955	238,674	388,231	4,574	659,877
Loans and advances to customers	443	27,955	235,020	290,097	4,574	558,089
Debt securities	-	-	3,654	98,134	-	101,788
Other assets	-	8,193	-	302	-	8,495
Total undiscounted financial assets	621,083	51,734	238,674	388,533	4,574	1,304,598
Financial liabilities						
Financial liabilities at amortised cost	115,866	208,682	386,365	111,000	12,733	834,646
Deposits	115,866	167,921	153,697	109,832	12,733	560,049
Securities	-	19,394	140,024	1,168	-	160,586
Borrowings	-	21,367	92,644	-	-	114,011
Leases	-	272	816	5,442	1,088	7,618
Other liabilities	-	13,775	-	-	-	13,775
Total undiscounted financial liabilities	115,866	222,729	387,181	116,442	13,821	856,039
Net liquid position	505,217	(170,995)	(148,507)	272,091	(9,247)	448,559
31 December 2024	On demand	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalents	315,882	-	-	-	-	315,882
Financial assets at FVPL	-	-	-	-	2,531	2,531
Financial assets at amortised cost	1,856	94,034	81,205	154,647	28,485	360,227
Loans and advances to customers	1,856	3,511	80,721	143,361	28,485	257,934
Debt securities	-	90,523	484	11,286	-	102,293
Other assets	-	1,389	-	-	-	1,389
Total undiscounted financial assets	317,738	95,423	81,205	154,647	31,016	680,029
Financial liabilities						
Financial liabilities at amortised cost						
Deposits	88,447	137,555	80,024	5,064	-	311,090
Securities	-	64,866	64,390	-	-	129,256
Borrowings	-	-	-	-	-	-
Leases	-	81	816	5,442	2,176	8,515
Other liabilities	-	6,300	-	-	-	6,300
Total undiscounted financial liabilities	88,447	208,802	145,230	10,506	2,176	455,161
Net liquid position	229,291	(113,379)	(64,025)	144,141	28,840	224,868

7.6. Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems or from external events, including legal and regulatory risks.

The Bank's objective is to manage operational risk by balancing the avoidance of financial loss and reputational damage with cost effectiveness and innovation. The Bank cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks.

Key elements of the operational risk management framework include appropriate segregation of duties, transaction authorization and reconciliation, compliance with regulatory requirements, documentation and periodic assessment of controls, reporting of operational losses and remedial actions, contingency planning, staff training, ethical standards, and the management of IT, cyber and insurance-related risks.

7.7. Social and environmental risk (ESG)

The Bank understands social, environmental, and climatic risk as: financial losses or damage to the bank's image and / or reputation, because of social and / or environmental damage. This also includes the possibility of losses for the institution directly or not caused by events associated with the low carbon economy transition process, in which greenhouse gas emissions are either reduced or compensated; and losses associated with extreme environmental conditions that may be related to climate changing patterns.

The Bank, while conducting its business, activities and operating processes based on responsible and sustainable business practices, is committed to balancing economic, financial, regulatory, environmental, social, and climatic aspects in its operations. We see the solid commercial practices and company responsibility are long term values that should be applied daily to generate value for shareholders and clients through sustainable growth.

For updated information regarding the Group's ESG, see the Group annual reports published on the BTG IR webpage, as well as the Group sustainability agenda.

8. Cash and cash equivalents

	31 December 2025	31 December 2024	1 January 2024
Restricted balances with central banks	6,800	419	135
Unrestricted balances with central banks	462,842	136,000	219,915
Cash and balances with other banks	151,086	179,506	6,003
Short-term deposits	15,586	-	949
Less: allowances for ECL	(88)	(43)	(31)
Total	636,226	315,882	226,971

Restricted balances with central banks represent mandatory reserve deposits maintained in accordance with the requirements of the Banque centrale du Luxembourg. These balances are not available to finance the Bank's day-to-day operations and, therefore, are excluded from cash and cash equivalents in the statement of cash flows.

As at 31 December 2025, restricted balances with central banks amounted to EUR 6,800. As at 31 December 2024 and 1 January 2024, the corresponding amounts were EUR 419 and EUR 135, respectively.

All cash and cash equivalents are classified as Stage 1 exposures under IFRS 9, reflecting their low credit risk.

All the cash and cash equivalents are deposited in investment grade institutions ranging from AAA to BBB.

9. Financial assets and liabilities at fair value through profit or loss

9.1. Summary

	31 December 2025	31 December 2024	1 January 2024
Assets			
Derivative financial instruments	-	-	-
Shares and other variable-yield securities	-	2,531	2,518
Total	-	2,531	2,518

The classification as FVTPL was mandatory under IFRS 9, as the underlying assets do not meet the solely payments of principal and interest (SPPI) criterion. In particular, the returns on these investments are linked to the performance of the underlying portfolios and therefore expose the Bank to equity, market and other non-basic lending risks.

Valuation techniques and inputs

Financial assets at FVTPL were measured at fair value, with changes in fair value recognised in profit or loss.

The fair value of the investment funds was determined based on the net asset value (NAV) provided by the fund administrators or general partners.

The Bank assessed that the NAV represents the best estimate of fair value, as it reflects the exit price at the reporting date.

Fair value hierarchy

In accordance with IFRS 13, the fair value measurements of these financial assets were classified as Level 2, where the NAV is based on observable inputs or where underlying assets are predominantly valued using market data.

10. Loans and advances to customers

10.1. Breakdown of portfolio and expected loss provision

31 December 2025			
	Carrying amount	Provision	Gross amount
Corporate lending	402,982	(4,072)	407,054
Lombard loans	90,828	(12)	90,840
Other loans	4,209	(34)	4,243
Subtotal	498,019	(4,118)	502,137
31 December 2024			
	Carrying amount	Provision	Gross amount
Corporate lending	184,624	(2,877)	187,501
Lombard loans	41,253	(10)	41,263
Other loans	1,033	(3)	1,036
Subtotal	226,910	(2,890)	229,800
1 January 2024			
	Carrying amount	Provision	Gross amount
Corporate lending	9,831	(9)	9,840
Lombard loans	1,897	-	1,897
Other loans	5,171	(15)	5,186
Subtotal	16,899	(24)	16,923

10.2. Breakdown by gross carrying amount and ECL stage

31 December 2025	Corporate loans	Lombard loans	Others loans	Total
Gross amounts				
Stage 1	384,011	90,840	4,006	478,857
Stage 2	20,474	-	-	20,474
Stage 3	2,569	-	237	2,806
POCI	-	-	-	-
Total	407,054	90,840	4,243	502,137
ECL				
Stage 1	1,325	12	-	1,337
Stage 2	178	-	-	178
Stage 3	2,569	-	34	2,603
POCI	-	-	-	-
Total	4,072	12	34	4,118
31 December 2024	Corporate loans	Lombard loans	Others loans	Total
Gross amounts				
Stage 1	185,117	41,263	1,036	227,416
Stage 2	-	-	-	-
Stage 3	2,384	-	-	2,384
POCI	-	-	-	-
Total	187,501	41,263	1,036	229,800
ECL				
Stage 1	493	10	3	506
Stage 2	-	-	-	-
Stage 3	2,384	-	-	2,384
POCI	-	-	-	-
Total	2,877	10	3	2,890

1 January 2024	Corporate loans	Lombard loans	Others loans	Total
Gross amounts				
Stage 1	9,840	1,897	5,186	16,923
Stage 2	-	-	-	-
Stage 3	-	-	-	-
POCI	-	-	-	-
Total	9,840	1,897	5m186	16,923
ECL				
Stage 1	9	-	15	24
Stage 2	-	-	-	-
Stage 3	-	-	-	-
POCI	-	-	-	-
Total	9	-	15	24

10.3. Reconciliation of changes in gross carrying amount and allowance for ECL by stage

	Stage 1		Stage 2		Stage 3		Total	
	Gross amount	ECL	Gross amount	ECL	Gross amount	ECL	Gross amount	ECL
1 January 2025	227,416	506	-	-	2,384	2,384	229,800	2,890
New loans	345,035	1,046	-	-	-	-	345,035	1,046
Payments and derecognition	(72,907)	(255)	-	-	209	-	(72,698)	(205)
Transferred to Stage 1	-	-	-	-	-	-	-	-
Transferred to Stage 2	(20,474)	(9)	20,474	178	-	-	-	169
Transferred to Stage 3	(213)	(1)	-	-	213	219	-	218
Effect of modification and credit quality changes	-	-	-	-	-	-	-	-
31 December 2025	478,857	1,337	20,474	178	2,806	2,603	502,137	4,118

	Stage 1		Stage 2		Stage 3		Total	
	Gross amount	ECL	Gross amount	ECL	Gross amount	ECL	Gross amount	ECL
1 January 2024	16,874	25	-	-	-	-	16,874	25
New loans	213,204	494	-	-	-	-	213,204	494
Payments and derecognition	(278)	(13)	-	-	-	-	(278)	(13)
Transferred to Stage 1	-	-	-	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-	-	-	-
Transferred to Stage 3	(2,384)	-	-	-	2,384	2,384	-	2,384
Effect of modification and credit quality changes	-	-	-	-	-	-	-	-
31 December 2024	227,416	506	-	-	2,384	2,384	229,800	2,890

10.4. Collateral for loans and advances to customers

	31 December 2025	31 December 2024
Secured by cash deposit and securities	176,216	62,202
Secured by immovable properties	66,872	20,215
Financial guarantees	220,740	110,997
Other collateral	32,434	18,503
Unsecured	1,757	14,993
Total	498,019	226,910

The fair value of the collateral of each individual non-impaired loan is greater than the carrying value of the receivable amount.

Credit risk mitigation – Collateral and other credit enhancements

The Bank mitigates credit risk through the use of collateral and other credit enhancements obtained in the normal course of lending activities. The main types of collateral obtained include cash deposits pledged by borrowers, marketable securities, mortgages over immovable property, and financial guarantees provided by banks or other creditworthy counterparties.

Nature and quality of collateral

Collateral held by the Bank primarily comprises:

Cash deposits and securities: Typically pledged term deposits held either with the Bank or with reputable financial institutions, and liquid securities with observable market prices. These instruments are considered highly liquid and provide strong credit protection.

Immovable property: Residential and commercial real estate secured through registered mortgages. Property collateral is subject to periodic valuation and eligibility criteria in accordance with the Bank's credit policies.

Financial guarantees: Guarantees issued by financial institutions or other entities with acceptable credit quality, assessed at inception and monitored on an ongoing basis.

Other collateral: Includes receivables pledges, or other assets accepted on a case-by-case basis depending on the transaction structure.

Collateral management

The Bank establishes collateral requirements as part of the credit approval process. The type and level of collateral required depend on an assessment of the counterparty's creditworthiness, transaction structure and risk profile.

Collateral is monitored throughout the life of the exposure and is subject to; (i) legal enforceability review, (ii) periodic revaluation (particularly for real estate and securities), (iii) margining or top-up requirements where applicable, and (iv) internal credit risk monitoring procedures.

In the event of borrower default, the Bank may enforce its rights over the collateral in accordance with contractual agreements and applicable legal frameworks.

11. Debt securities (measured at amortised cost)

	31 December 2025	31 December 2024	1 January 2024
Corporate bonds	92,060	10,010	-
Government bonds	-	90,523	-
Less: allowances for ECL	(281)	-	-
Total	91,779	100,533	-

11.1. Breakdown by gross carrying amount and ECL stage

31 December 2025	Corporate bonds	Government Bonds	Total
Gross amounts			
Stage 1	92,060	-	92,060
Stage 2	-	-	-
Stage 3	-	-	-
POCI	-	-	-
Total	92,060	-	92,060
ECL			
Stage 1	281	-	281
Stage 2	-	-	-
Stage 3	-	-	-
POCI	-	-	-
Total	281	-	281
31 December 2024	Corporate bonds	Government Bonds	Total
Gross amounts			
Stage 1	10,010	90,523	100,533
Stage 2	-	-	-
Stage 3	-	-	-
POCI	-	-	-
Total	10,010	90,523	100,533

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ECL			
Stage 1	-	-	-
Stage 2	-	-	-
Stage 3	-	-	-
POCI	-	-	-
Total	-	-	-

11.2. Reconciliation of changes in gross carrying amount and allowance for ECL by stage

	Stage 1		Stage 2		Stage 3		Total	
	Gross amount	ECL	Gross amount	ECL	Gross amount	ECL	Gross amount	ECL
1 January 2025	100,533	-	-	-	-	-	100,533	-
New bonds	82,050	281	-	-	-	-	82,050	281
Payments and derecognition	(90,523)	-	-	-	-	-	(90,523)	-
Transferred to Stage 1	-	-	-	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-	-	-	-
Effect of modification and credit quality changes	-	-	-	-	-	-	-	-
31 December 2025	92,060	-	-	-	-	-	92,060	-

	Stage 1		Stage 2		Stage 3		Total	
	Gross amount	ECL	Gross amount	ECL	Gross amount	ECL	Gross amount	ECL
1 January 2024	-	-	-	-	-	-	-	-
New bonds	100,533	-	-	-	-	-	100,533	-
Payments and derecognition	-	-	-	-	-	-	-	-
Transferred to Stage 1	-	-	-	-	-	-	-	-
Transferred to Stage 2	-	-	-	-	-	-	-	-
Transferred to Stage 3	-	-	-	-	-	-	-	-
Effect of modification and credit quality changes	-	-	-	-	-	-	-	-
31 December 2024	100,533	-	-	-	-	-	100,533	-

12. Other assets

	31 December 2025	31 December 2024	1 January 2024
Income accruals	7,423	1,193	324
Prepayments	3,157	202	153
VAT receivables	1,370	1,500	57
Other receivables	71	196	49
Total	12,021	3,091	583

13. Investments in subsidiaries

The Bank directly holds 100% (2024: 100%) of the shares in BTG Pactual Europe Management Company S.A. ("BTGP EU ManCo"), which has its registered address at 29 Av. de la Porte-Neuve, 2227 Ville-Haute Luxembourg.

On 21 February 2024 the Bank made additional capital contributions of EUR 700,000 into BTGP EU ManCo.

On 14 January, 20 May and 9 December 2025, the Bank made additional capital contributions of EUR 300,000, EUR 500,000 and EUR 500,000, respectively, into BTGP EU ManCo, bringing its total capital to EUR 2,435,000, of which EUR 245,000 in share capital and EUR 2,100,000 in share premium.

	BTGP EU Manco
1 January 2024	435
Introduction of capital	700
31 December 2024	1,135
Introduction of capital	1,300
At 31 December 2025	2,435

	Financial year	Equity	Profit /(Loss)
BTGP EU ManCo	2024/25 *	258	(711)
BTGP EU ManCo	2025/26 **	1,630	372

(*) BTG Eu Manco financial year ends on 30 April.

(**) For the financial year of 2025, the Bank considered the unaudited figures for 31 December 2025.

14. Property, plant and equipment and Intangible assets

	Property, plant and equipment	Intangibles	Total
Cost:			
At 1 January 2024	1,290	1,374	2,664
Additions	2,217	3,185	5,402
At 31 December 2024	3,507	4,559	8,066
Additions	647	8,292	8,939
Disposals	(46)	-	(46)
At 31 December 2025	4,108	12,851	16,959
Accumulated Depreciation:			
At 1 January 2024	(742)	(708)	(1,450)
Provided during the year	(331)	(231)	(562)
At 31 December 2024	(1,073)	(939)	(2,012)
Provided during the year	(532)	(1,645)	(2,177)
Disposals	27	-	27
At 31 December 2025	(1,578)	(2,584)	(4,162)
Net book value:			
At 31 December 2024	2,434	3,620	6,054
At 31 December 2025	2,530	10,267	12,797

15. Lease

The Company leases a floor in an office building. With the exception of short-term and leases of low-value underlying assets, leases are reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use asset based on the life of the underlying lease agreement.

The below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

Right-of-use asset	Number of right-of-use assets	Average remaining term (in months)
Office lease	2	55

15.1. Right-of-use assets

Set out below is the carrying amount of the right-of-use ("ROU") assets and the movements during the year:

	2025	2024
At 1 January	5,283	912
ROU recognition	858	5,164
ROU derecognition	(656)	-
Depreciation of ROU assets	(819)	(793)
At 31 December	4,666	5,283

15.2. Lease liabilities

Set out below is the carrying amount of the lease liabilities and the movements during the year:

	2025	2024
At 1 January	5,554	922
Lease liability recognition	858	5,164
Lease liability derecognition	(666)	-
Accretion of interest	255	281
Payments	(826)	(813)
At 31 December	5,175	5,554

15.3. Statement of comprehensive income

The following are the amounts recognised in profit or loss:

	2025	2024
Depreciation expense of right-of-use assets	819	793
Derecognition of lease	(10)	-
Interest expense on lease liabilities	255	281
Total	1,064	1,074

15.4. Sensitivity analysis

Management has considered the incremental borrowing rate (IBR) to be a critical accounting estimate. Below is the sensitivity analysis considering the impact of the appreciation and depreciation of 20 bps of the IBR, measured in Euros equivalent.

	Appreciation 20 bps	Depreciation 20 bps
Change in assets	(29)	29
Change in liabilities	(35)	35

16. Financial liabilities at amortised cost

16.1. Summary

	31 December 2025	31 December 2024	1 January 2024
Deposits	551,797	309,542	34,386
Debt securities	158,746	128,737	-
Borrowings	112,264	-	-
Total	822,807	438,279	34,386

16.2. Deposits

	31 December 2025	31 December 2024	1 January 2024
Demand deposit	115,345	88,447	24,921
Time deposit	436,452	221,095	9,465
Total	551,797	309,542	34,386

16.3. Debt securities

	31 December 2025	31 December 2024	1 January 2024
Certificate of deposits	158,746	128,737	-
Total	158,746	128,737	-

The Bank did not have any default in principal, interest, or any other breaches with regard to any liabilities during the year.

16.4. Changes in liabilities arising from financing activities

31/12/2025	Debt securities	Borrowings	Total
Opening balance	128,737	-	128,737
Cashflow items:			
Issuances	291,737	110,003	401,740
Repayments	(265,560)	-	(265,560)
Non-cashflow movements			
Accrued interest	2,817	2,261	5,078
Foreign exchange	1,015	-	1,015
Ending balance	158,746	112,264	271,010

31/12/2024	Debt securities	Borrowings	Total
Opening balance	-	-	-
Cashflow items:			
Issuances	128,481	-	128,481
Repayments	-	-	-
Non-cashflow movements			
Accrued interest	256	-	256
Foreign exchange	-	-	-
Ending balance	128,737	-	128,737

17. Tax liabilities

	31 December 2025	31 December 2024	1 January 2024
Current			
Income tax payable	75	-	25
Net wealth tax payable	656	257	9
Total	731	257	34

18. Other liabilities

	31 December 2025	31 December 2024	1 January 2024
Advance for future capital increase	-	-	150,000
Accruals	8,362	6,117	1,484
Deferred income	4,066	-	-
Pending settlements	650	-	-
Others	697	183	20
Total	13,775	6,300	151,504

19. Maturity analysis of assets and liabilities

31/12/2025

	Less than 1 Year	More than 1 Year	Total
Assets			
Cash and cash equivalents	636,226		636,226
Financial assets FVPL	-	-	-
Financial assets at amortised cost	219,005	370,793	589,798
Loans and advances to customers	219,005	279,014	498,019
Debt securities	-	91,779	91,779
Deferred tax assets	28	-	28
Other assets	11,720	301	12,021
Investment in subsidiary	-	2,435	2,435
Property, plant and equipment	-	2,530	2,530
Right-of-use assets	-	4,666	4,666
Intangible assets	-	10,267	10,267
Financial assets	866,979	390,992	1,257,971

	Less than 1 Year	More than 1 Year	Total
Liabilities			
Financial liabilities at amortised cost	707,733	115,074	822,807
Deposits	437,825	113,972	551,797
Debt securities	157,644	1,102	158,746
Borrowings	112,264	-	112,264
Leases	-	5,175	5,175
Current tax liabilities	731	-	731
Other liabilities	13,775	-	13,775
Financial liabilities	722,239	120,249	842,488

31/12/2024

	Less than 1 Year	More than 1 Year	Total
Assets			
Cash and cash equivalents	315,882	-	315,882
Financial assets FVPL	-	2,531	2,531
Financial assets at amortised cost	174,770	152,673	327,443
Loans and advances to customers	84,247	142,663	226,910
Debt securities	90,523	10,010	100,533
Deferred tax assets	1,483	-	1,483
Other assets	3,091	-	3,091
Investment in subsidiary	-	1,135	1,135
Property, plant and equipment	-	2,434	2,434
Right-of-use assets	-	5,283	5,283
Intangible assets	-	3,620	3,620
Financial assets	495,226	167,676	662,902

	Less than 1 Year	More than 1 Year	Total
Liabilities			
Financial liabilities at amortised cost	433,879	4,400	438,279
Deposits	305,142	4,400	309,542
Debt securities	128,737	-	128,737
Borrowings	-	-	-
Leases	699	4,855	5,554
Current tax liabilities	257	-	257
Other liabilities	6,300	-	6,300
Financial liabilities	441,135	9,255	450,390

01/01/2024

	Less than 1 Year	More than 1 Year	Total
Assets			
Cash and cash equivalents	226,971	-	226,971
Financial assets FVPL	-	2,518	2,518
Financial assets at amortised cost	5,998	10,901	16,899
Loans and advances to customers	5,998	10,901	16,899
Debt securities	-	-	-
Deferred tax assets	-	1,346	1,346
Other assets	583	-	583
Investment in subsidiary	-	435	435
Property, plant and equipment	-	547	547
Right-of-use assets	-	912	912
Intangible assets	-	667	667
Financial assets	233,552	17,326	250,878
	Less than 1 Year	More than 1 Year	Total
Liabilities			
Financial liabilities at amortised cost	34,386	-	34,386
Deposits	34,386	-	34,386
Debt securities	-	-	-
Borrowings	-	-	-
Leases	224	698	922
Current tax liabilities	-	-	-
Other liabilities	151,504	-	151,504
Financial liabilities	186,114	698	186,812

20. Income tax and social contribution

Reconciliation of income tax and social contribution expense with the product of the tax rate on profit before income tax and social contribution is as follows:

	2025	2024
Current income tax expense	(28)	-
Deferred income tax expense/(benefit)	1,552	(137)
Total tax expense	1,524	(137)
Profit/(loss) before income tax	4,495	(1,691)
Tax expense/(benefit) based on Luxembourg statutory rate 23.87% (2024: 24.97%)	1,073	(422)
Different tax rates in other countries	1	-
Expenses not deductible	465	207
Changes to tax rates	64	-
Governmental incentive	(143)	-
Other tax impacts	64	78
Total tax expense	1,524	(137)
Effective tax rate	33.9%	8.1%

Deferred tax assets and liabilities

As at 31 December 2025, the Bank recognised deferred tax assets of EUR 28 thousand, mostly attributable to net operating losses generated during the previous years. The net operating losses from prior years were fully utilised during the year.

As at 31 December 2024, the deferred tax assets related exclusively to net operating losses carried forward, amounting to EUR 5,938,626. These losses are expected to expire between 2035 and 2041.

Deferred tax assets that are dependent on future taxable profits are only recognised to the extent that it is considered probable based on business forecasts that such profits will be available. The Bank has performed an analysis in each tax jurisdiction in which it operates, taking into account local limitations on carried forward tax losses, and concluded that it does expect to earn sufficient taxable profits to recover the deferred tax assets recognised on the balance sheet. The Bank has no carried forward tax losses expiring in the next five years.

OECD Pillar Two model rules

The Bank is within the scope of the OECD Global Anti-Base Erosion (Pillar Two) model rules. The Company is incorporated and tax resident in Luxembourg and the UK enacted the Pillar Two rules (including the transitional safe harbor rules issued by the OECD in December 2022) with effect from 1 January 2024. The Bank applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

Under the Luxembourg legislation, the Company is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. The group has been assessing its exposure to the Pillar Two legislation and concluded that in all jurisdictions in which it carries on business, there should be no Pillar Two exposure either because a transitional safe harbour excludes the applicable jurisdiction or because the tax rate exceeds the 15% minimum tax rate.

21. Equity

21.1. Share capital and Share premium

The subscribed capital is divided into 9,989 registered shares with a nominal value of 1,000 each. Below is the composition of the shares:

	N. of shares	Share Capital	Share premium
31 December 2023	9,989	9,989	55,000
Issued on 2 January 2024	-	-	150,000
31 December 2024	9,989	9,989	205,000
Issued on 28 April 2025	-	-	200,000
31 December 2025	9,989	9,989	405,000

21.2. Reserve

Under Luxembourg law, an amount equal to at least 5% (five per cent) of the net profit must be allocated to a legal reserve until such reserve equals 10% (ten per cent) of the issued share capital. This reserve is not available for dividend distributions.

22. Interest and similar income

	2025	2024
Interest revenue calculated using the effective interest method		
Cash and cash equivalents	16,110	10,146
Loans and advances to customers	20,410	5,602
Debt instruments at amortised cost	2,893	10
Total interest income	39,413	15,758

23. Interest expenses

	2025	2024
Interest expenses calculated using the effective interest method		
Due to customers	11,975	3,724
Debt securities issued	2,817	256
Borrowings	2,261	-
Interest expenses on lease liabilities	255	281
Total interest expenses	17,308	4,261

24. Net fee and commission income

	2025	2024
Fee and commission income		
Loans related fees	8,105	1,901
Trade commission compensation *	3,474	-
Wealth management	1,795	334
Brokerage fees	1,185	1,107
Custody fees	1,137	321
Asset management	666	465
Other fees	305	687
	16,667	4,815
Fee and commission expenses		
Custody fees	353	18
Brokerage fees	119	79
Other fees	33	224
	505	321
Net fee and commission income	16,162	4,494

(*) For more details about the caption "Trade commission compensation" please refer to Note 31.

25. Net gains / (losses) on financial assets at fair value through profit and loss

	2025	2024
Shares and other variable-yield securities	473	6
Total	473	6

26. Net impairment losses

2025	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	45	-	-	45
Financial assets at amortised cost	1,161	178	137	1,476
Loans and advances to customers	880	178	137	1,195
Debt securities	281	-	-	281
Commitments	31	-	-	31
Total	1,237	178	137	1,552

2024	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	12	-	-	12
Financial assets at amortised cost	482	-	2,384	2,866
Loans and advances to customers	482	-	2,384	2,866
Debt securities	-	-	-	-
Commitments	-	-	-	-
Total	494	-	2,384	2,878

27. Other income

	2025	2024
Intercompany recharge *	2,621	-
Others	454	181
Release of provisions	404	269
Cost recharge	165	112
Dividend income	-	16
Total	3,644	578

(*) For more details about the caption “Intercompany recharge” please refer to Note 31.

28. Personnel expenses

	2025	2024
Salaries and variable compensation	14,786	8,116
Social security contributions	340	200
Pension costs - Defined contribution plan	613	465
Health insurance	214	109
Others	136	26
Total	16,089	8,916

The monthly average number of employees during the year was 65 (2024: 49).

29. Administrative expenses

	2025	2024
Data & communications expenses	9,930	3,132
Professional fees	3,328	1,099
Travel & entertainment	819	481
Premises expenses	588	170
Audit fees	410	220
Other	849	138
Total	15,924	5,240

During the year the Company accrued the following for services obtained from the Company’s auditors.

- Fees for statutory audit services totaled EUR 410,000 (2024: EUR 220,000).
- Other assurance / audit-related services totaled EUR 84,800 (2024: nil)
- The Bank did not use any tax services and other non-audit services during the years ended on 31 December 2024 and 31 December 2025.

30. Remunerations of the members of the administrative, management and supervisory bodies

	2025	2024
Short-term employee benefits	1,635	1,618
Post-employment benefits	-	-
Termination benefits	-	-
Share-based payment transaction	-	-
Total	1,635	1,618

The Board of Directors are considered solely as Key Management Personnel. The average number of Board of Directors during the year was 3 (2024: 3). The aggregate remuneration to the highest paid member of the Board of Directors for the year was EUR 806,687 (2024: EUR 756,583).

31. Related parties

The balances of related-party transactions, which are carried out based on standard market rates and conditions, are reflected in the following items:

	31 December 2025	31 December 2024	1 January 2024
Cash and cash equivalents			
Banco BTG Pactual S.A. – Cayman Branch	100	2,799	2,029
	100	2,799	2,029
Loans and advances to customers			
TAG Sarl	19,902	20,063	-
Key management personnel	-	-	116
	19,902	20,063	116
Deposits			
Banco BTG Pactual S.A. – Cayman Branch	20,010	-	-
BTG Pactual UK Holdco Limited	3,524	3,471	-
BTG Pactual Portuga Empresa de Investimento S.A.	-	-	2,023
IP Funds	-	1,001	1,001
BTG Pactual Europe Management Company S.A.	556	-	294
Other entities	798	1,272	-
Key management personnel	98	702	443
	24,986	6,446	3,761
Other income			
Banco BTG Pactual S.A. – Cayman Branch	2,621	-	-
	2,621	-	-
Fee and commission income			
Banco BTG Pactual S.A. – Cayman Branch	3,638	-	-
	3,638	-	-
Personnel expenses			
Banco BTG Pactual S.A. – Cayman Branch	-	(2,768)	-
	-	(2,768)	-
Guarantees			
Key management personnel	17	37	27
	17	37	27

All transactions above are carried out based on standard market rates and conditions.

Loan to TAG Sarl

At 31 December 2025, the Bank had an outstanding loan exposure to TAG Sàrl, a related party.

The loan has a maturity date of 10 December 2029 and bears interest at a floating rate referenced to EURIBOR 3-month plus a margin of 3.75%. The transaction is part of a syndicated loan, which has other 6 banks, and was entered into under arm's-length terms and conditions, consistent with those applicable to comparable non-related counterparties.

As at 31 December 2025, the exposure was classified in Stage 2 under IFRS 9. The loss allowance recognised on the statement of financial position amounted to EUR 169 thousand, and the expected credit loss charge recognised in profit or loss for the year ended 31 December 2025 amounted to EUR 162 thousand.

Other related party transactions

Other income is related to a Global Incentive Agreement between the Bank and few other BTG Pactual Group subsidiaries. The Agreement establishes a group-wide framework through which BTG Pactual's Cayman Branch provides financial and operational support to affiliates during their development phase. The arrangement ensures arm's length allocation of such support, recognizing each affiliate's contributions to the group's international growth

Fee and commission income is comprised of a commission from a trade commission compensation related to transactions originated and structured by the Bank but executed in one of the BTG Pactual Group subsidiaries.

Personnel expenses represent an expense reimbursement as agreed on the Acknowledgement Letter between the Bank and BTG Pactual Cayman Branch.

32. Subsequent events

As of 13 January 2026, the Bank registered a Global Medium-Term Notes program with the Luxembourg Stock Exchange, with the notes admitted to trading on the Euro MTF market. The program has a total size of USD 2,000,000,000.

On 1 February 2026, BTG Pactual Europe S.A. – Sucursal em Portugal started its operations.

Independent auditor's report

To the Management Board of
BTG Pactual Europe S.A.
29, Avenue de la Porte-Neuve
L-2227 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BTG Pactual Europe S.A. (the "Bank"), which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "réviseur d'entreprises agréé" for the audit of the financial statements" section of our report. We are also independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



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Impairment on loans and advances to customers

Description

The Bank's customer lending operations primarily consist of loans to corporate customers and to private clients, including lombard loans and mortgage loans.

As of 31 December 2025, loans and advances to customers amount to EUR 502 million (gross amount) representing 40% of the Bank's total assets against which an impairment allowance of EUR 4.1 million is recorded (see Note 10 to the financial statements). Impairments are calculated in accordance with IFRS 9 "Financial instruments", based on an expected credit loss (ECL) calculation model.

The assessment of expected credit losses on loans and advances to customers requires the use of judgment and estimates notably to:

- Assessment of the borrowers' credit risks,
- determine the loan classification criteria under stage 1, stage 2 or stage 3;
- estimate the amount of expected credit losses depending on the different stages;
- prepare macro-economic projections which are embedded in the expected credit losses measurement.

The qualitative information concerning in particular the recognition and procedures used to estimate expected credit losses is mainly described in Note 7.4 of the financial statements.

We considered the assessment of impairment on loans and advances to customers to be a key audit matter for the following reasons:

- the significance of loans and advances to customers in the Bank's statement of financial position;
- the use of various parameters and assumptions in the models to determine the probability of default and the loss given default;
- the importance of judgment in determining the criteria of significant increase in credit risk and the way macro-economic forecasts are taken into account;
- the use of judgment and assumptions regarding the amount and timing of future cash flows as well as the value and recoverability of related collateral for defaulted loans and advances to customers;
- the assessment of individual impairment on defaulted loans (stage 3).

How the matter was addressed in our audit

We obtained an understanding of the Bank's internal controls and tested the design and operating effectiveness of the manual and automated key controls relating to the assessment of credit risk and the expected credit losses. This included testing of:

- controls relating to the process of monitoring exposures within the Bank as well as the periodic review of these exposures by the relevant credit committee;
- controls over allocation of loans and advances into stages, including movements between stages, and the identification of defaulted loans and advances.



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We also performed the following substantive audit procedures:

- we verified on a sample basis that the data used as a basis to calculate the ECL is complete and accurate; we also tested, on a sample basis, the extraction of data used in the models including rating of loans and movements between various ratings;
- we tested a sample of loans and advances to customers whereby we applied a risk-based approach and focused on non-performing loans, loans included in the watchlist, most significant exposures and rating to form our own assessment with regards to the rating, staging and classification of the loans as selected in our sample to form our own assessment as to whether they are classified in the appropriate bucket (staging methodology);
- with the support of our internal modelling specialists, we tested the assumptions, inputs and formulas used in ECL model. This included assessing the appropriateness of model design and formulas used, recalculating the Probability of Default, Loss Given Default and Exposure at Default for the whole portfolio, as well as challenging the forward looking macro-economic scenarios;
- we verified the absence of default criteria for performing loans in the loan book of the Bank as at 31 December 2025 through our substantive procedures;
- we assessed whether the disclosures in the financial statements appropriately reflect the Bank's exposure to credit risk.

First-time adoption of IFRS

Description

As explained in Note 3 to the Financial Statements, the Bank has decided to change its accounts accounting framework from Luxembourg Generally Accepted Accounting Principles (Lux GAAP) to the International Financial Reporting Standards as adopted by the European Union (IFRS) and is preparing financial statements under these accounting principles for the first time as of 31 December 2025.

The change of the accounting principles is a complex and sensitive operation as it implies from the Bank to take decisions and to make some assumptions regarding the accounting policies of the Bank.

This change also implies the restatement of the opening balances of the Bank as of 1 January 2024 from Lux GAAP to IFRS giving rise to some reclassifications and remeasurements.

Due to the execution nature of this operation, considering its pervasive impact on the financial statements of the Bank and taking into consideration the significant level of accounting estimates used by Bank to define the new accounting framework, the conversion from Lux GAAP to IFRS is considered as a Key Audit Matter.



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How the matter was addressed in our audit

In order to audit the IFRS conversion, we have performed the following audit procedures:

- Inquiries with the Finance Department and with the Management of the Bank to obtain an understanding of the conversion process and to the various steps and controls which have been in place for the conversion;
- We have performed audit procedures over the conversion into IFRS and verification of the First Time Adoption (FTA) balance and the opening balance, including the related disclosures. In detail, we have:
 - Verified the completeness and accuracy of the accounting balances as at 1 January 2024 and 31 December 2024 adopted by the Bank for the opening balances under IFRS as adopted by EU;
 - Ensured that the classification and mapping of the accounts under IFRS for the opening balances were accurate and complete;
 - Ensured that the reclassifications for the years ended 1 January 2024 and 31 December 2024 between the annual accounts under Lux GAAP and the financial statements under IFRS were complete and accurate;
 - Ensured that the remeasurements, based on a sample, for the years ended 1 January 2024 and 31 December 2024 between the annual accounts under Lux GAAP and the financial statements under IFRS were complete and accurate.
- We have consulted the IFRS accounting policies prepared by the Bank and ensured they were in accordance with the IFRS;
- We have performed an independent review of the financial statements with the assistance of our IFRS specialists to audit the completeness and accuracy of the IFRS disclosures in the financial statements.

IT Migration & Implementation

Description

During 2025, the Bank has migrated its core banking system from Olympic to Avaloq. There is no related disclosure in the notes to the Financial Statements.

Core banking migrations represent a significant risk due to their inherent complexity, the volume and sensitivity of migrated financial data, and the impact on multiple critical processes (customer accounts, credit operations, deposits, accounting, reporting, user access management, etc.).

Due to the facts expressed above, errors or deficiencies during the migration may lead to:

- Incomplete, inaccurate or inconsistent data transfer, including static data (client master data, account structure, product setup) and dynamic data (balances, transactions, loan and deposit positions, accrued interest);
- Misalignment of the chart of accounts and accounting rules, potentially affecting the recognition, classification, and presentation of financial information;
- Processing errors and system configuration issues if core functionalities and business rules were not properly tested, validated, or approved before go-live;



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- Inappropriate system access rights and segregation of duties, particularly during initial role mapping, increasing the risk of unauthorized access or changes to financial data;
- Breakdowns in IT general controls and application controls during or after migration, which may compromise processing integrity, completeness of transactions, and audit trail reliability;
- Operational disruptions or incorrect processing post-migration, impacting interest calculations, payment workflows, loan amortization schedules, or customer reporting.

How the matter was addressed in our audit

With the assistance of our IT specialists, we have performed among other the following procedures:

- Performed manual reconciliations for both static and dynamic data by comparing Olympic closing data set against Avaloq opening information (closing/opening balances, chart of accounts, active loans, active deposits, client master data, etc.) to validate the completeness and accuracy of the data transferred during go-live;
- Evaluated control and performed additional IT substantive procedure related to testing of new core banking system's functionality based on a representative sample of different test cases executed across all work streams to verify that the functionalities intended for implementation in Avaloq were properly tested and formally approved by both business and IT stakeholders as needed;
- Evaluated control related to the access rights set up in the new core banking system and inspected the new roles definition for all work streams and reviewed the approval evidence to confirm that all access rights were properly authorized before go-live, thus safeguarding against excessive or unauthorized privileges;
- Tested the effectiveness of Avaloq IT general controls;
- Tested the effectiveness of Avaloq IT application controls relevant to credit, front/back-office and accounting;
- Assessed the Bank's migration project governance framework.

Other information

The Management Board is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of "réviseur d'entreprises agréé" thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.



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Responsibilities of the Management Board and of those charged with governance for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS as adopted by the European Union and Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Board is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Responsibilities of the “réviseur d'entreprises agréé” for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d'entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.



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- Conclude on the appropriateness of Management's Board use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.



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Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the Extraordinary General Meeting of the Shareholders on 30 June 2025 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

A handwritten signature in blue ink, appearing to read 'A. Kastendeuch', is positioned above the printed name.

Alexander Kastendeuch

Luxembourg, 21 April 2026