J & E Davy Unlimited Company – **Disclosures under Investment Firms Regulations (IFR) (Unaudited)**

Davy House, 49 Dawson Street, Dublin 2.

30th December 2023

1. Davy

Background

J & E Davy Unlimited Company ("JED")[1] is currently classified as a Class 2[2] firm under the EU prudential framework (Investment Firms Regulation ("IFR")/ Investment Firm Directive ("IFD")). The framework contains requirements relating to Capital & Own Funds, Liquidity, Internal Governance, Remuneration, and Disclosure & Reporting on in-scope investment firms.

Under the IFR/IFD, regulated firms calculate their capital requirements including the application of the minimum capital requirements ("Pillar 1") and the internal capital adequacy assessment process ("Pillar 2"). This process is known as the Internal Capital Adequacy Assessment Process ("ICAAP") and provides a link between the risk profile of a firm and the capital it holds against these risks.

Pillar 3 complements the capital requirements described in Pillar 1 and Pillar 2 and seeks to promote greater market discipline and transparency through the disclosure of key information about risk management, governance, remuneration and regulatory capital.

Please note the figures in this document are in millions of euro and may contain rounding differences as they are compiled using information reported to regulatory supervisors in units of euro.

Structure and scope

The disclosures made in this document are in respect of JED and are made on an individual basis. JED is subject to individual supervision by the Central Bank of Ireland ("CBI").

The following Pillar 3 disclosures have been prepared as at 30th December 2023.

Proprietary information

Since 1st June 2022, the Davy Group is now wholly owned by Bank of Ireland Group plc ("BOIG"). A summary financial statement as of 30th December 2023 is available on our website, www.davy.ie. General information is provided in the Davy Pillar 3 Disclosures.

Frequency, location, and verification of disclosures

In accordance with IFR/IFD requirements, JED's Board of Directors (the "Board") ensure that the Pillar 3 disclosures are made at least annually. The Board has determined that the publication of these disclosures on the Davy website (www.davy.ie) is the most appropriate publication medium.

These disclosures are reviewed and approved by the Enterprise Risk Management Committee, Executive Committee, Audit Committee and Board. All figures are unaudited.

2. Governance

Risk and Compliance Governance

The Board is ultimately responsible for the management of JED including the setting of risk management policies and appetite.

The Directors are appointed based on their skills, qualifications and experience whilst ensuring that they have appropriate time to devote to their responsibilities as a Board member in consideration of the commitments of other professional roles they may have.

Board composition and directorships

The JED Board as of 30th December 2023 consists of a Chairperson, four Independent Non-Executive Director and one Executive Director. It is noted that Karena O'Sullivan was appointed to the JED Board on 23rd January 2024.

[1] J & E Davy Unlimited Company, trading as Davy, Davy Private Clients, Davy Capital Markets, Davy Select, Davy Institutional Consulting, Davy Real Estate and Davy Research, is regulated by the Central Bank of Ireland.

[2] The framework divides investment firms into four different classes and differentiates the prudential regime that will apply to investment firms according to the size and complexity of the firm.

Name	Board position	Directorships[3]
Vincent Crowley	Chair and Independent Non-Executive Director	9
Alan Ralph	Independent Non-Executive Director	6
Eileen Fitzpatrick	Independent Non-Executive Director	8
Richard Goulding	Independent Non-Executive Director	8
Michele Greene	Independent Non-Executive Director	8
Bernard Byrne	CEO and Executive Director	14

As of 30th December 2023, the number of Directorships held by JED Board members are:

Number of Directorships held	53
of which Davy Group directorships	21
External Directorships	32

The Board meets, at least, on a quarterly basis and more frequently should the need arise. There is a formal structure (See Appendix 4) for the management and reporting of risk to the Board as described below.

Board diversity

JED recognises that diversity in its widest sense is important and embraces the benefits of diversity among its own members, including diversity of skills, experience, background, ethnicity, and gender.

In 2021, the Board agreed to a Board gender diversity target of a minimum of 33% of the under-represented gender by the end of 2023. This commitment was further formalised by way of the introduction of a Board Diversity Policy approved in October 2023. As of 30th December 2023, the Board was composed of 33% female members.

The Board has considered the appropriate blend and balance of diversity in all recent appointments and will continue to do so through alignment with the Board Diversity Policy.

Board and Management Committees

Board Risk and Compliance Committee

JED has established a Risk and Compliance Committee ("RCC") which meets, at minimum, on a quarterly basis. In 2023, the RCC met 12 times with one of these meetings being a joint meeting with the Remuneration Committee.

The RCC has been established by the Board to assist the Board in discharging its responsibilities on a range of Risk, Compliance and Client Asset Oversight matters. The RCC is the governance body responsible for oversight of risk activities other than those that are the responsibility of the Board or that have been explicitly delegated to other Board Committees. The RCC has a documented Terms of Reference which details its roles and responsibilities as delegated to it by the Board.

The primary purpose of the RCC is to ensure that an appropriate risk framework is in place and, within that framework, to provide objective review and oversight across JED for all categories of financial and non-financial risk, in the context of JED's Risk Appetite.

The RCC ensures that JED is compliant with the relevant laws, rules, and regulations together with internal policies & procedures, including oversight of the Whistleblowing Policy and associated procedures.

Audit Committee

The Board is ultimately responsible for all matters relating to the presentation of JED Financial Statements and the audit thereof. The primary responsibility of the Audit Committee is to assist the Board in fulfilling its responsibilities for ensuring independent oversight of the quality and integrity of JED's accounting policies, financial reports and disclosure practices. The Audit Committee is also responsible for ensuring the appropriateness, completeness, and effectiveness of JED's internal control, risk management, accounting and financial reporting systems.

The Audit Committee assesses the adequacy of arrangements by which staff may raise concerns about possible improprieties in matters over financial reporting. The Audit Committee also considers the independence and performance of the Internal and External Auditor.

The Audit Committee carries out its responsibilities mainly through regular contact with the External and Internal Auditors, and Management.

[3] Article 48 of IFR requires disclosure of the number of directorships held by members of the management body. For these purposes the management body is defined as the Board.

Other Board Committee information

It is important to note that JED's parent, J & E Davy Holdings Unlimited Company ("JEDH"), has a similar governance structure to that of JED with the addition of a Nominations Committee and a Remuneration Committee. The remit of those committees includes JED and its subsidiaries.

Executive Committee

The Executive Committee, led by the Chief Executive Officer ("CEO"), has primary authority and responsibility for the day-to-day operations and strategic development of JEDH and its subsidiaries which includes JED. In advising and assisting the CEO in their responsibilities, the key responsibilities of the Executive Committee include, but are not limited to; (i) the development and recommendation of Davy's strategy (including sustainability) and financial & investment plans to the Board; (ii) monitoring the Firm's risk profile, operating and financial performance; (iii) facilitation of active liaison, co-ordination and co-operation between business functions; and (iv) promoting the desired culture throughout the organisation and reinforcing Davy's values on an ongoing basis through leadership by example.

Market Risk and Underwriting Committee

The Market Risk and Underwriting Committee ("MRUC") is a sub-committee of the Executive Committee. The MRUC oversees and approves all underwriting activity within JED. Where Davy is potentially being engaged to fully or partially underwrite an equity and/or debt issue (irrespective of the size of the underwriting exposure), the MRUC must be convened. In addition, the MRUC considers the appropriateness of certain large settlement requests and sponsor services.

Enterprise Risk Management Committee

The Enterprise Risk Management Committee ("ERMC") is a sub-committee of the Executive Committee and is the most senior executive second-line committee in Davy. The ERMC has responsibility for, inter alia, fostering sound risk governance and risk culture across Davy and ensuring robust oversight of Davy's risk and compliance profile, risk assessments, risk management architecture and associated risk processes and systems.

The ERMC supports the Executive Committee and RCC in carrying out its responsibilities with regard to risk oversight and ensuring Davy's strategy is within the Board approved Risk Appetite. The Chairperson of the ERMC is the Chief Risk and Regulatory Officer ("CRRO") of JED.

3. Control functions

Risk Department

The Davy Risk Department is led by the CRRO and includes Risk, Compliance, Client Asset Oversight and Legal.

Risk

The second line Risk Department is headed by Chief Risk & Regulatory Officer and comprises Risk, Compliance and Client Asset Oversight activities.

The CRRO is accountable for ensuring an effective Risk Management Framework ("RMF") & Risk Appetite Statement ("RAS") is developed & embedded and providing ongoing monitoring & reporting to the Board of the Firm's position through its approved RAS.

The CRRO is responsible for implementing and maintaining Davy's RMF. The development of appropriate enterprise-wide policies & practices to strengthen risk management throughout JED. The CRRO independently evaluates & challenges the adequacy & effectiveness of risk practices and controls in place in the business and the management actions taken to address any weaknesses and gaps.

The CRRO is also responsible for independent oversight with respect to risk identification, assessment, measurement, management, monitoring and reporting within Davy and for conducting an independent risk review of strategic planning outcomes.

The Risk Department supports the work of the CRRO and comprises Operational, Financial and Enterprise Risk management teams.

The Risk Department works closely with risk and control resources in the Business Units to ensure the RMF is appropriately embedded in Davy. The Risk Department also monitors risk events, performs daily VaR calculations and partners with the business to provide risk management and regulatory advice.

Compliance

The Chief Compliance Officer ("CCO") has overall responsibility for promoting and enforcing compliance with regulatory obligations and driving a culture of compliance and ethical conduct. The Compliance Department advises on and oversees compliance obligations including but not limited to AML/financial crime, market abuse and investor protection. It also manages interactions with regulators, participates in and reports to fora and committees across Davy, monitors upstream regulatory developments and partners with the front-line business units to provide compliance and regulatory advice and assurance.

Client Asset Oversight (CAO)

JED is subject to the Client Asset Regulations as set out by the CBI.

The safeguarding of client assets is a key priority for the Board which has appointed a Head of Client Asset Oversight ("HCAO") with responsibilities for managing the Client Asset Oversight ("CAO") Team.

The HCAO is responsible for providing oversight with regard to client assets. The HCAO reports to the CRRO and to the Chair of the RCC and is responsible for promoting the client asset culture within the Firm, monitoring compliance with the applicable client asset regulations and assessing the applicable client asset controls within the Firm. The HCAO provides updates to the Board on client assets and is responsible for maintaining the Firm's Client Asset Management Plan ("CAMP").

The HCAO is responsible for the day-to-day running of the CAO function including completion of the client asset assurance plan, delivery of client asset training and liaison with the Client Asset Specialist Team within the CBI. The CAO team supports the work of the HCAO and monitors Davy's compliance with statutory obligations including Davy's Client Asset Key Information Document ("CAKID"), CAMP and the annual client asset examination.

Legal

Overseen by Davy's General Counsel, the Davy Legal team key responsibilities include supporting the business in management of legal risk for the organisation including management of litigation and contentious issues; providing general and specific support on legal matters including key strategic projects; the procurement of legal advice on behalf of Davy; management of Davy's complaints in line with its regulatory requirements; and supporting the business in management of Data Protection risk.

Internal Audit

The Davy Internal Audit ("IA") team is an independent assurance function led by the Chief Internal Auditor ("CIA"). The CIA is responsible for the delivery of the annual risk-based plan as well as the day-to-day running of the team. The CIA reports to the Audit Committee providing assurance over design adequacy and effectiveness of Davy's governance, control environment and RMF.

The IA function has no direct authority or responsibility for any activities under its review. This independence provides unbiased judgements and impartial advice to management and the Board.

The CIA is also the Whistleblowing Reporting Officer and is responsible for reporting whistleblowing activities to the RCC.

4. Risk management objectives and policies

Risk profile and strategy

The risk profile of the Firm's business strategy is generally perceived as being low risk as it focusses principally on organic growth and achieving operating efficiencies through increased automation and technology investments.

Davy seeks to optimise its performance subject to remaining within Risk Appetite and meeting the expectations of stakeholders. Davy's overarching Risk Strategy is to optimise the balance between risk and return to achieve its business strategy, while maintaining appropriate levels of financial and operational resilience.

The Risk Strategy is achieved by JED through:

- Promotion of a strong risk culture within JED.
- Robust processes in place to manage JED's material risks via the Risk Management Framework and related governance processes.
- Risk management being embedded throughout the firm based on the 3 lines of defence model.
- A clear Statement of Risk Appetite.

Risk Management

Risk Management is the set of activities and mechanisms through which Davy make risk taking decisions and the risk-return profile of Davy is optimised and controlled within the boundaries of Risk Appetite. Effective Risk Management guards Davy's financial performance and contributes to the achievement of the firm's strategic objectives.

Risk Management is conducted via firm-wide processes of identifying, assessing, monitoring, and mitigating risks to the firm's performance, reputation, and regulatory standing.

The Firm's business exposes it to a variety of financial risks that include credit risk, liquidity risk and market risk from changes in equity prices, interest rates, credit spreads and foreign exchange rates as well as non-financial risks such as operational risk, conduct & compliance risks, business & strategic risk and environmental, social and governance ("ESG") risk. The Firm has risk management processes in place that seek to identify, manage and report these risks within its desired risk profile and approved risk appetite limits.

Credit risk

Credit risk is the risk of loss resulting from a client or counterparty being unable to meet their contractual obligations to Davy in respect of financial transactions. Credit risk includes settlement and delivery risk, or replacement risk, as well as concentration risk.

Credit risk is subject to strict controls which set out the types of counterparty risk permitted, including country risk. The risks are managed by an approved framework of limits and controls and governed by the Counterparty Credit Risk Committee, which review and recommend the Counterparty Credit Risk Policy to the Davy Group Board via the ERMC.

Liquidity risk

Liquidity risk is the risk that the Firm will experience difficulty in financing its assets and / or meeting its contractual payment obligations as they fall due. The Firm is not reliant on borrowings to fund its trading operations. The business receives the majority of its revenues in cash and the statement of financial position is highly liquid.

Liquidity risk is subject to strict controls, which set out the permitted liquid assets, the minimum liquidity requirements and limits across activities. The risks are managed by an approved framework of limits and controls and governed by MRUC, which review and recommend the Liquidity Risk Policy to the Davy Group Board.

Market risk

Market risk is the risk of loss arising from movements in equity prices, interest rates, foreign exchange rates or other market prices. The Firm is principally exposed to market risk mainly through its market making operations from its Trading Book. The exposure to equity risk, interest rate risk and credit spread risk is managed within risk tolerances, which are recommended by the MRUC to the Davy Board for approval and is subject to strict controls which set the markets and instruments in which risk can be assumed, the types of positions which can be taken and the limits which must be complied with. The risks are managed by an approved framework of limits and controls, based on Value-at-Risk ("VaR"), scenario stress test and sensitivities.

The Firm utilises a historical simulation model for the calculation of equity risk, interest rate risk and credit spread risk at market standard confidence interval. VaR remains a reliable basis of risk measurement, supplemented by stress testing given the nature of risks assumed by the Firm.

While the Firm does not trade foreign currency instruments in the ordinary course of business, it is exposed to foreign exchange risks in the normal course of business where market settlement may occur in a different currency to that in which a security is dealt, either on behalf of clients or on the Firm's own account. Procedures are in place to ensure that all exposures arising in this regard are monitored and significant risks are mitigated through the purchase and sale of foreign currency, where appropriate, for risk management purposes.

Operational risk

Operational risk involves the risk of loss resulting from suboptimal or failed internal processes, systems, human factors or from external events. Operational risks arise from all the Firm's operations and are faced by all business entities.

The Firm's objective is to manage operational risk so as to minimise and control the risk of financial loss and damage to the Firm's reputation in a cost-effective manner. Davy has a broad suite of board approved operational risk policies to manage the diverse risk types that fall into this risk category. The primary responsibility for the development and implementation of controls to address operational risk rests with senior management of the business units and support functions supported by the Risk Department through Davy Group's frameworks, policies and procedures.

Oversight of operational risk is performed by the Risk Department with regular reporting to the ERMC and board level committees.

Conduct and compliance risks

Conduct risk involves the risk of inappropriate, unethical and/or unlawful behaviour or inaction on the part of Davy, a Davy employee and/or an individual or firm acting on behalf of Davy that leads to actual or potential detriment to Davy, its clients, the integrity of the markets, and/or to fellow employees. Compliance risk is concerned with protecting the Firm by ensuring compliance with regulatory obligations.

The Firm's objectives are to ensure Davy conducts its business in a fair and transparent manner in line with professional standards, internal policies and regulatory requirements and will ensure processes are in place to minimise the risk of unfair customer outcomes arising from inadequate product design, sales processes or internal or external market abuse.

Davy has an extensive suite of board approved conduct and HR risk policies to manage and drive a culture of compliance and ethical conduct. The primary responsibility for the development and implementation of controls to address operational risk rests with senior management of the business units and support functions supported by the Davy Risk Department through Davy Group's frameworks, policies and procedures.

Oversight of conduct and compliance risk is performed by the independent Compliance Department with regular reporting to the ERMC and board level committees.

Business and strategic risk

Business and strategic risk involves the risk of not achieving agreed strategic and business goals, arising due to inadequate planning or implementation or changes in the external environment or economic factors.

The Firm's strategy can be summarized as focusing on the three pillars of building stronger relationships with customers and colleagues, continuing to simplify the business model for customers and colleagues and creating a culture of constant improvement in the sustainability of the Firm for the future. The Firm is managing business and strategic risk through its integrated financial planning, strategy and risk management processes, which involve regular monitoring of performance and strategic targets within the parameters of the Firm's risk appetite statement. This includes stress testing analysis to assess the Firm's financial capacity and resilience under different scenarios.

The monitoring of performance is conducted via the Executive Committee and regularly reported to the Davy Board.

Environmental, Social and Governance risk

The business environment in which Davy operates is shaped by a broad range of external factors including macroeconomic conditions, the competitive landscape, policy and regulation, technology, societal and demographic developments, and geopolitical trends. ESG and climate-related risks are increasingly impacting across all of these areas and Davy recognises and manages the impact of these risks across the individual risk types referenced above.

Risk identification

The first step in managing risk is to identify the risk. A standard Risk Library is used to categorise all Davy's risks in a consistent manner. Once a risk has been identified, it must be assessed to determine the level of gross risk exposure and, after consideration of any mitigants, the residual risk exposure can be determined. These measurements (gross risk exposure and residual risk exposure) inform metrics used to monitor and control the Risk Profile against Risk Appetite, which is reported monthly.

Risk appetite

Risk Appetite is predicated on setting effective boundaries and constraints on risk taking. Determining Davy's Risk Appetite and setting management triggers across Davy's principal risks, allows the Firm to design its business processes to maintain an appropriate risk profile. The Risk Appetite Statement, which is determined by the Board, also contains qualitative descriptions of risk appetite to help guide conduct and behaviours.

Risk policies

To ensure that Davy is run within Risk Appetite, the Firm has a suite of risk policies in place which sets out the mandatory minimum standards for the management and mitigation of each risk:

5. Regulatory capital resources

As of 30th December 2023 and at all times throughout the period, JED complied with the regulatory capital requirements of the Central Bank of Ireland. The table below details the composition of the regulatory capital resources of JED available to meet these requirements as of 30th December 2023:

Capital resources	As at 30th December 2023
Tier 1 Capital	**(€'m)**
Called up share capital presented as equity[4]	2
Share premium account[4]	18
Retained earnings and other reserves[4]	110
Capital contribution	15
Deductions from capital resources[5]	(15)
Total Capital Resources	130

Own funds reconciliation

Set out in Appendix 1.2 is the reconciliation of own funds, restrictions, and deductions to the audited financial statement balance sheet of the Firm.

Fixed Overhead Requirement

In accordance with Article 13 of IFR, the Fixed Overhead Requirement was €26.5m as at 30th December 2023 (€30.7m as at 31st March 2024).

K-Factor Requirement

Set out in Appendix 2 is the K-factor requirements calculated in accordance with Article 15 of IFR, in aggregate form for Risk to Client, Risk to Market and Risk to Firm, based on the sum of the applicable K-factors.

[4] Total capital resources comprise share capital, share premium and audited retained earnings as per the 2023 audited financial statements of J & E Davy Holdings.
[5] A deduction is made in respect of prudential filters and intangible assets which do not qualify for regulatory capital purposes.

Risk to Client

Risk to Client addresses risks carried by an investment firm during the undertaking of its services, actions, or responsibilities, which could negatively impact clients. Risk to Client comprises of K-AUM, K-COH, K-CMH and K-ASA.

K-AUM (Assets Under Management)

K-AUM relates to the value of assets that an investment firm manages for its clients under both discretionary portfolio management and non- discretionary arrangements constituting investment advice of an ongoing nature. K-AUM includes assets where the investment firm has formally delegated management to another entity. K-AUM excludes assets where another financial entity has formally delegated the management of the assets to the investment firm.

To determine the K-AUM capital requirement, the rolling average of the value of the most recent 15 months of AUM, excluding the 3 most recent months values is multiplied by a coefficient of 0.02%.

The Investment Governance Committee oversees the Investment function, whose role is to ensure that underlying committees are acting within their mandates and to monitor decisions made at the underlying Investment Committee level as well as approving the prevailing tactical view for implementation across portfolios.

The Product Governance Oversight Committee (PGOC) is responsible for ensuring alignment with the MiFID II Product Governance requirements and acts as the control point where Davy acts as a manufacturer or distributor of financial instruments. This is a firm-wide committee covering both Wealth Management and Capital Markets and contributes to the strength of the Davy suitability framework.

K-COH (Client Order Handling)

K-COH relates to the value of orders that an investment firm handles for clients, through the reception and transmission of client orders and through the execution of orders on behalf of clients. K-COH includes transactions executed by investment firms providing portfolio management services on behalf of investment funds.

However, K-COH excludes transactions handled by an investment firm that arise from the servicing of a client's investment portfolio where the firm already calculates K-AUM in respect of that client's investments or where this activity relates to the delegation of management of assets to the investment firm not contributing to their AUM.

To determine the K-COH capital requirement, the rolling average of the most recent 6 months of COH, excluding the 3 most recent months values is multiplied by a coefficient of 0.1% (cash trades) or 0.01% (derivatives).

Davy is required to execute orders on terms that are most favourable to its clients (termed 'best execution'). This requires Davy to take all sufficient steps to obtain the best possible result for clients in the execution or placement of such orders. In order to meet the obligation to obtain the best possible result for the execution of client orders, Davy may use an authorised list of execution venues.

K-CMH (Client Money Held) and K-ASA (Asset Safeguarded and Administered)

K-CMH relates to the amount of client money that an investment firm holds, considering the legal arrangements in relation to asset segregation and irrespective of the national accounting regime applicable to client money.

To determine the K-CMH capital requirement, the rolling average of the most recent 9 months of CMH, excluding the 3 most recent months values is multiplied by a coefficient of 0.4% (on segregated accounts) or 0.5% (on non-segregated accounts).

K-ASA relates to the value of assets that an investment firm safeguards and administers for clients, irrespective of whether assets appear on an investment firm's own balance sheet or third-party accounts.

To determine the K-ASA capital requirement, the rolling average of the most recent 9 months of ASA, excluding the 3 most recent months values is multiplied by a coefficient of 0.04%.

Davy has a comprehensive system of internal controls, policies and procedures that are continually evaluated for adequacy and effectiveness. In addition to external oversight of our control framework from parties such as our external auditors and the Central Bank of Ireland, the Firm has in place independent internal functions that oversee the financial and operational controls in place.

Davy has procedures in place to manage the selection of third parties relating to client assets, monitors their performance on an ongoing basis and performs regular risk assessments on them. Any third-party Davy engages is appropriately authorised in the jurisdiction in which it is located and is also subject to appropriate prudential and/or client asset supervision.

To ensure the highest standard for our clients, Davy conducts a detailed due diligence assessment prior to placing client assets with any third party. Additionally, Davy will ensure that either a funds or financial instrument 'facilities letter' is in place with the third party prior to lodgement of client assets. The HCAO conducts annual reviews of our third parties and the Risk Department reviews the credit ratings of approved counterparties. The client assets that we hold are segregated from Davy's own assets. The banks, custodians, and counterparties with whom we hold client assets have provided written confirmation to this effect and Davy performs reconciliations of client assets as set out in the Client Asset Regulations.

Davy has a Client Asset Management Plan which is approved by the Board on an annual basis.

Risk to Market

Risk to Market relates to the impact an investment firm could have on the markets in which it operates, and on those counterparties it trades with. Risk to Market is defined as the potential for adverse change in the value of financial instruments from movements in stock/ bond prices, currency exchange rates and interest rates. Risk to market comprises of K-NPR and K-CMG.

K-NPR (Net Position Risk)

K-NPR relates to the value of transactions recorded in the trading book of an investment firm. There is no coefficient applied in determining the K-NPR capital requirement. K-NPR comprises of position risk in relation to equity instruments, debt instruments and foreign exchange risk.

Davy is a market maker in equities and fixed income, with the relaunch of the Fixed Income Business in March 2023. JED calculates both specific and general capital risk requirements on equity positions in accordance with the IFR. This calculation is based on 8% of the long and the short holdings, and 8% of the net positions.

JED calculates both specific and general capital risk requirements on bond positions in accordance with the IFR. General interest rate risk on bonds is calculated using the maturity-based approach, which is based on the long/short position of bond holdings and the maturity of these bonds. The calculation of specific risk is dependent on the maturity profile of the bond, the type of issuer (e.g. central government or institutions) and the credit worthiness of the issuer as determined by External Credit Assessment Institutions ("ECAI").

The Market Risk Policy is reviewed by the MRUC and approved by the Board. The MRUC considers market risk when reviewing underwriting transactions. The market risk policy sets out the markets and instruments in which the trading desks are permitted to transact and the risk management tools utilised in managing market risk.

The principal tool used to measure risk and control market risk exposure within JED's listed trading portfolios is Value at Risk ("VaR"). The VaR methodology is used industry wide to estimate the potential loss in value of a portfolio over a defined period for a given confidence interval. The VaR of a trading portfolio is the estimated maximum loss that will arise on the portfolio over a specified probability (confidence level) by reference to relevant historical data and market standards.

Foreign exchange risk is the risk that the value of assets and liabilities denominated in a foreign currency will fluctuate due to adverse movements in exchange rates. JED is exposed to foreign exchange risks in the normal course of business where market settlement may occur in a different currency to that in which a security is dealt, either on behalf of customers or on JED's own account. Consequently, JED may experience an adverse effect on the value of JED's assets or liabilities denominated in currencies other than the euro where no currency hedging transactions have been entered into, and where exchange rates change.

Davy revenue is exposed to the fluctuations of foreign currency whereby there are movements of AUM and where a management fee is charged on the value of assets.

Procedures are in place to ensure that risks and exposures arising in this regard are actively monitored and managed.

K-CMG (Clearing Margin Given)

K-CMG relates to the amount of the total margin required by a clearing member or qualifying central counterparty, where the execution and settlement of transactions of an investment firm dealing on own account take place under the responsibility of a clearing member or qualifying central counterparty. There is no coefficient applied in determining the K-CMG capital requirement. JED has opted to use K-NPR instead of K-CMG in calculating risk position in JED's derivative positions.

Risk to Firm

Risk to Firm captures risks to an investment firm's solvency from its trading activity and market participation. Risk to Firm comprises of K-DTF, K-CON and K-TCD.

K-DTF (Daily Trading Flow)

K-DTF relates to the daily value of transactions that an investment firm enters through dealing on own account or the execution of orders on behalf of clients in its own name, excluding the value of orders that an investment firm handles for clients through the reception and transmission of client orders and through the execution of orders on behalf of clients which are already considered in the scope of K-COH.

To determine the K-DTF capital requirement, the rolling average of the most recent 9 months of DTF, excluding the 3 most recent months values is multiplied by a coefficient of 0.1% (cash trades) or 0.01% (derivatives).

K-CON (Concentration)
K-CON relates to exposure in the trading book of an investment firm to a client or group of connected clients which exceeds the limits in the IFR. There is no coefficient applied in determining the K-CON capital requirement.

K-TCD (Trading Counterparty Default)
K-TCD relates to exposure in the trading book of an investment firm to instruments and transactions giving rise to risk of trading counterparty default.

There is no coefficient applied in determining the K-TCD capital requirement. JED's trading book assets which are subject to credit risk mainly comprise of trade receivables/ counterparty credit risk. Credit risk is the risk that a customer or counterparty will be unwilling or unable to meet a commitment that it has entered into and that available collateral does not cover JED's claims.

JED has policies and procedures in place to ensure that institutional counterparties are of appropriate credit worthiness. JED has no significant concentration of counterparty credit risk, with exposure spread over a large number of counterparties and customers mainly within the financial services sector.

In relation to its Wealth Management business, JED does not consider that, given the breadth of its client list and the volume of trades, there is a significant risk of client default that would be material in the context of its Wealth Management business.

In addition, Wealth Management receivables are managed and controlled using well-defined policies and procedures.

The trading book counterparty base of JED is predominantly investment banks, credit institutions, investment firms and fund managers. Institutional trades are settled on a delivery versus payment ("DvP") basis within a two-day settlement cycle and therefore exposure to counterparty credit risk is limited. In addition, JED has a Counterparty Credit Risk policy, Counterparty Credit Risk Committee and procedures in place to ensure counterparties are of appropriate credit worthiness and that limits are set and monitored to restrict potential losses.

6. Capital adequacy

JED's capital management objectives are as follows:

- To comply at all times with the regulatory capital requirements of the CBI.
- To maintain a strong capital base to support the strategic development of the business.

Formal procedures are in place to monitor and manage capital resources on an active and timely basis.

Responsibility for operational monitoring of capital adequacy rests within the Finance Department. Weekly reports are produced to monitor regulatory capital and updates on capital adequacy are distributed to the Board and senior management on a regular basis.

Each of the component parts of the Pillar 1 capital requirement are outlined in Appendix 2.

7. Internal Capital Adequacy Assessment Process ("ICAAP")

In line with the requirements of IFD, JED is required to prepare an ICAAP focused on assessment of its capital adequacy and to determine the material risks to which it is exposed, how those risks are mitigated, and if it is adequately capitalised having made this assessment. The ICAAP is a key component of JED's implementation of the IFD.

The Board has ultimate ownership and responsibility of the ICAAP. It is required to approve an ICAAP on an annual basis. The final ICAAP Capital Adequacy Statement and supporting documents were reviewed and challenged at ERMC, ExCo and the RCC. Following review and recommendation by these committees, the ICAAP was subject to final review and approval by the Board.

The ICAAP process has appropriate governance, systems, and controls in place to identify, assess and manage key risks to JED's strategic priorities and financial and capital resilience. Ongoing monitoring of risk levels, risk appetite, stress test results and relevant indicators is performed throughout the year to ensure that the Firm continues to meet its regulatory requirements.

The ICAAP demonstrates that JED has sufficient surplus capital resources, at a point-in-time and on a forward-looking basis under both the Normative Perspective (base and stress scenarios) and the Economic Perspective, to support its business and achieve its objectives having regard to the Board approved Risk Appetite and JED's strategy while meeting its IFR/IFD regulatory capital and liquidity requirements.

8. Remuneration

Remuneration Policy

The Davy Group Remuneration Policy comprises the framework by which J&E Davy Holdings and its subsidiaries (“Davy”) ensure remuneration in Davy is aligned with our values, attracts, and retains the right people, supporting sustainable growth of Davy while ensuring effective risk management and compliance with the applicable regulatory requirements. The policy applies to all employees across the entire Davy Group and reflects Davy’s commitment to sound corporate governance as well as the creation of sustained and long-term value for Davy and our stakeholders.

Davy operates in accordance with all relevant remuneration regulation, the principal source being the remuneration provisions of IFD.

Davy promotes gender neutral remuneration by ensuring commitment to the provision of equal pay for male and female workers for equal work or work of equal value and prevents discrimination of any kind within the conditions of employment, including gender. Davy also ensures that it meets all its requirements on Gender Pay Gap reporting as demonstrated in its Annual Gender Pay Gap Report.

The policy is reviewed by the Davy Group Remuneration Committee (“RemCo”) at least annually, or as required dependent on changes in legislation etc., and the policy is also subject to review by Internal Audit on a 3-year rolling basis.

Link between pay and performance

Base salary, cash allowances and employer pension contributions form the basis of Davy’s fixed remuneration package. In addition, Davy operates a discretionary performance related bonus award scheme which is based on firm wide and individual performance. Variable remuneration may be awarded annually in the appropriate mix of instruments (i.e. fund units), employer pension contributions and/or cash.

Performance and pay are linked in three ways: group performance, business department performance and individual performance. Individual performance is calibrated at department level and forms part of the formal year end process.

Performance review processes and a mix of both qualitative and quantitative criteria are used to assess individual performance. Risk management forms a key part of the performance review process, with a very strong emphasis on behaviour, advocacy and commitment towards Davy’s culture and values.

Variable remuneration may be withdrawn or considerably reduced in the event of subdued or negative financial performance of the Firm or Davy Group as a whole, or where warranted by individual conduct. Malus and Clawback arrangements are applied as explicit ex post risk adjustment mechanisms.

Remuneration of MRTs

To be classified as a Material Risk Taker (“MRT”), an employee must be an employee of a material entity within the Group structure and meet the regulatory criteria set out under the relevant legislation for identification of MRTs.

The RemCo approves any variable remuneration for employees who are identified as MRTs and oversees the identification process of MRTs on an ongoing basis. Remuneration of MRTs promotes sound and effective risk management and does not provide incentives for excessive risk taking.

The fixed component of remuneration of MRTs represents a sufficiently high proportion of the total remuneration to enable the operation of a fully flexible approach to the application of variable remuneration components, including the possibility of paying no variable remuneration component. The ratio of variable to fixed remuneration for Davy is currently capped at 200%. The ratio was set higher in 2023 reflecting exceptional circumstances.

Variable remuneration complies with the applicable regulatory requirements, and at least 50% of applicable variable remuneration of MRTs will be paid through instruments. Between 40% and 60% of an MRT’s applicable variable remuneration will be deferred over a three-year period. This does not apply to an MRT whose annual variable remuneration does not exceed EUR 50,000 and does not represent more than one fourth of that employee’s total annual remuneration.

Independence of employees engaged in Control Functions

Employees engaged in Control Functions, i.e. Risk, Client Asset Oversight, Compliance, Finance and IA, are remunerated in accordance with the achievement of the objectives linked to their Control Functions, regardless of the performance of the business areas they control.

See Appendix 3 for further detail on Quantitative Disclosures for MRTs.

9. Environmental, Social and Governance ("ESG")

ESG factors are environmental, social or governance matters that may have a positive or negative impact on JED.

The firm's ESG disclosures under IFR can be found **here.**

10. Investment Policy

IFR requires comparable disclosures that should help stakeholders understand investment firms' influence over the companies in which they hold voting rights, with the objective to show if the investment firm is an active shareholder that generally uses its voting rights and how it uses them.

Davy is not required to disclose an investment policy as the proportion of voting rights that Davy directly or indirectly holds falls below the threshold of 5% of all voting rights attached to the shares issued by companies in which they hold voting rights.

Appendix 1 Disclosure on own funds templates

Investment firms disclosure			
Template number	**Template code**	**Name** **Own funds**	**Legislative Reference**
1	IF CC1	Composition of regulatory own funds	Art 49(1)(c)
2	IF CC2	Own funds reconciliation with audited financial statements	Art 49(1)(a)
3	IF CCA	Own funds main features	Art 49(1)(b)

Appendix 1.1 Template EU IF CC1.01 - Composition of regulatory own funds (investment firms other than small and non-interconnected)

		(a) Amounts	(b) Source based on reference numbers/letters of the balance sheet in the audited financial statements
	Common Equity Tier 1 (CET1) capital: instruments and reserves		
		€'m	
1	**Own funds**	130	Sum formula
2	**Tier 1 capital**	130	Sum formula
3	**Common Equity Tier 1 capital**	130	Sum formula
4	Fully paid up capital instruments[1]	2	Template EU IF CC2 Equity Row 1 Column a + Template EU IF CC2 Equity Row 3 Column a
5	Share premium[1]	18	Template EU IF CC2 Equity Row 2 Column a
6	Retained earnings[1]	110	Template EU IF CC2 Equity Row 3 Column a
8	Other reserves	15	Template EU IF CC2 Equity Row 5 Column a
10	Adjustments to CET1 due to prudential filters	0	Regulatory capital deduction
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER	(15)	Sum formula
17	(-) Losses for the current financial year	-	
18	(-) Goodwill	(1)	Template EU IF CC2 Assets Row 2 Column a
19	(-) Other intangible assets	(14)	Template EU IF CC2 Assets Row 2 Column a
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	Regulatory capital deduction

Notes

[1] Total capital resources comprise share capital, share premium and audited retained earnings as per the 2023 audited financial statements of J & E Davy Holdings.

Appendix 1.2 Template EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

		(a) Balance sheet as in published/audited financial statements As at period end	(b) Under regulatory scope of consolidation As at period end	(c) Cross reference to EU IF CC1
Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements				
		€'m		
1	Property, plant, and equipment	4	No difference in the firm's scope of accounting consolidation and regulatory consolidation	
2	Goodwill and Intangible assets	14	As above	Template EU IF CC1 Row 19 Column a Template EU IF CC1 Row 18 Column a
3	Leased right-of-use-assets	23	As above	
4	Trade and other receivables	9	As above	
5	Other assets (non-current)	5	As above	
	Trade and other non-current assets	**55**		
6	Trade and other receivables	75	As above	
7	Financial assets at fair value through profit or loss	75	As above	
8	Other assets (current)	67	As above	
9	Current tax and deferred tax assets	3	As above	
10	Cash and cash equivalents	102	As above	
	Total current assets	**322**	As above	
30/12/2023	**Total Assets**	**377**	As above	
Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements				
1	Trade, other payables, financial liabilities at fair value through profit or loss and provisions	1	As above	
2	Lease Liabilities	19	As above	
3	**Total non-current liabilities**	**20**	As above	
4	Trade and other payables, accruals and provisions	80	As above	
5	Lease Liabilities	3	As above	
6	Financial liabilities at fair value through profit or loss	104	As above	
7	Bank overdraft	7	As above	
	Total current liabilities	**194**	As above	
30/12/2023	**Total Liabilities**	**214**	As above	
Shareholders' Equity				
1	Called up share capital presented as equity	2	As above	Template EU IF CC1 Row 4 Column a
2	Share premium account	18	As above	Template EU IF CC1 Row 5 Column a
3	Retained Earnings and other	110	As above	Template EU IFCC1 Row 6 Column a
4	Capital contribution reserve	33*	As above	Template EU IFCC1 Row 8 Column a
30/12/2023	**Total Shareholders' equity**	**163**	As above	

* During 2023, the Company received a capital contribution from J & E Davy Holdings Unlimited Company €15.0m. An additional €17.7m intragroup capital contribution received is not considered as eligible capital under the IFR definition of CET 1, Tier 1, or Tier 2 capital.

Appendix 1.3 Template EU IF CCA: Own funds: main features of own instruments issued by the firm

		(a) Free text
1	Issuer	J&E Davy Unlimited Company
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private
4	Governing law(s) of the instrument	Ireland
5	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
6	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	2
7	Nominal amount of instrument	2
8	Issue price	€1.25 per share
9	Redemption price	€1.25 per share
10	Accounting classification	Shareholders' equity

Appendix 2 K-factor requirement calculations

		Factor amount	K-factor requirement
		€'m	€'m
Rows	Item	0010	0020
0010	**Total K-factor requirement**	**-**	**25.8**
0020	**Risk to client**	**-**	**23.8**
0030	Assets under management	12,035	2.4
0040	Client money held - Segregated	3,368	13.5
0050	Client money held - non-segregated	-	-
0060	Assets safeguarded and administered	19,702	7.9
0070	Client orders handled - Cash trades	48	0.0
0080	Client orders handled - Derivatives trades	0	0.0
0090	**Risk to market**	**-**	**1.7**
0100	K-Net positions risk requirement	-	1.7
0110	Clearing margin given	-	-
0120	Risk to firm	-	0.3
0130	Trading counterparty default	-	0.2
0140	Daily trading flow - Cash trades	108	0.1
0150	Daily trading flow - Derivative trades	1	0.0
0160	K-Concentration risk requirement	-	-

Appendix 3 Remuneration Quantitative disclosures for MRT's

	Board & Senior Management	Other MRTs	Total
Number of MRTs as at 30th December 2023	16	16	32
Number of MRTs during 2023	19	18	37

Total Remuneration awarded for year ending 30th December 2023

	Board & Senior Management (€m)	Other MRTs (€m)	Total Amount(€m)	Number of Beneficiaries
Total Fixed Remuneration[1]	4.3	3.7	8.0	35
Total Variable Remuneration	9.6	4.9	14.5	28
Total Remuneration	13.9	8.6	22.5	35

Components of Variable Remuneration awarded for year ending 30th December 2023

	Board & Senior Management (€m)	Other MRTs (€m)	Total Amount (€m)	Number of Beneficiaries
Total Variable Remuneration	9.6	4.9	14.5	28
Of which: cash based	4.5	2.4	6.9	28
Of which: upfront	1.7	1.2	2.9	27
Of which deferred	2.8	1.2	4.0	19
Of which: Share-linked instruments or equivalent non-cash instruments	4.6	2.3	6.9	28
Of which: upfront	0.2	0.2	0.4	26
Of which deferred	4.4	2.1	6.5	28
Of which: Other forms	0.5	0.2	0.7	16
Of which: upfront	0.4	0.2	0.6	16
Of which deferred	0.1	0.0	0.1	10

Deferred Remuneration awarded for previous performance periods

	Board & Senior Management (€m)	Other MRTs (€m)	Total Amount (€m)	Number of Beneficiaries
Deferred Remuneration	0.8	0.4	1.2	15
Of which: due to vest in the financial year	0	0	0	
Of which: due to vest in subsequent years	0.8	0.4	1.2	

[1] Includes annual base salary, pension, and cash allowances.

Appendix 3 Remuneration Quantitative disclosures for MRT's (contd.)

Deferred Remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments				
	Board & Senior Management (€m)	Other MRTs (€m)	Total Amount (€m)	Number of Beneficiaries
Amount due to vest in the financial year	0	0	0	0
Of which: will be paid out	0	0	0	0
Of which: has been withheld as a result of performance adjustment	0	0	0	0

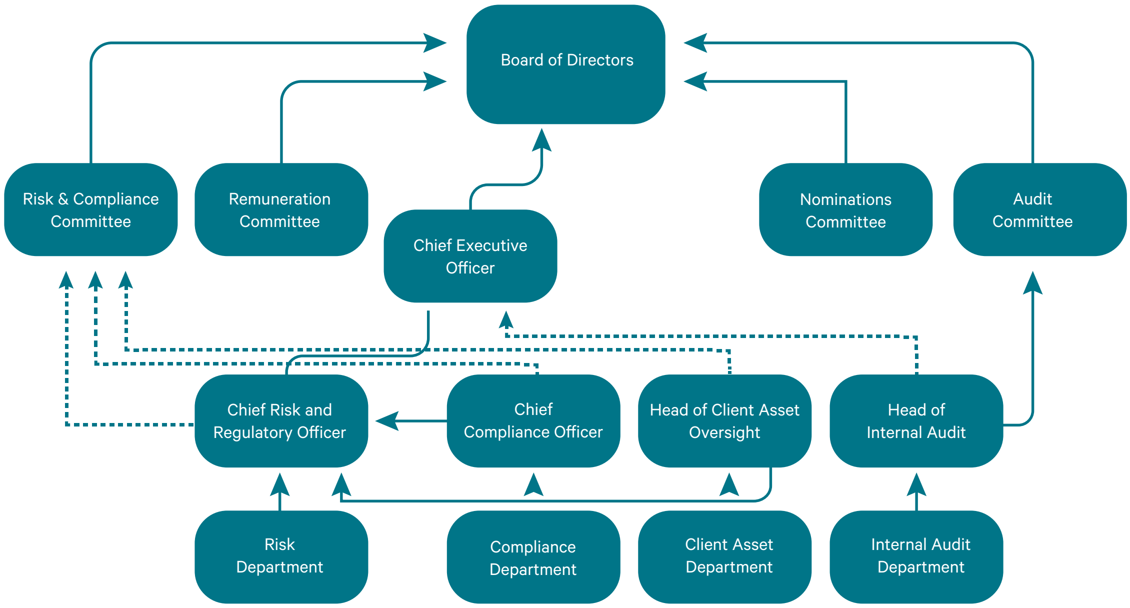
Guaranteed Variable Remuneration awarded for year ending 30th December 2023				
	Board & Senior Management (€m)	Other MRTs (€m)	Total Amount (€m)	Number of Beneficiaries
Retention bonuses	1.5	1.4	2.9	23
Of which: deferred	0.6	0.6	1.2	

Severance Payments awarded in previous periods, that have been paid out during the financial year				
	Board & Senior Management	Other MRTs	Total Amount (€m)	Number of Beneficiaries
Severance Payments	0	0	0	0

Severance Payments awarded for year ending 30th December 2023				
	Board & Senior Management	Other MRTs (€m)	Total Amount (€m)	Number of Beneficiaries
Severance Payments	0.5	0.2	0.7	2
Of which: paid upfront	0.5	0.2	0.7	
Of which: deferred	0	0	0	
Of which highest payment that has been awarded to a single person	0.5			1

The Davy Group does not avail of the derogation laid down in Article 32(4) of Directive (EU) 2019/2034.

Appendix 4 Formal structure for the management and reporting of risk to the Board



Dotted line denotes an indirect reporting line.