

SOLVENCY REPORT 2025

Tradition Financial Services España Sociedad de Valores SAU (“TFSE”)



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1. GENERAL DISCLOSURE REQUIREMENTS

1.1. Introduction

The purpose of this report is to comply with the public disclosure requirements established for Tradition Financial Services España, Sociedad de Valores, SAU (hereinafter “TFSE” or “the entity”) by Part SIX of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November on prudential requirements for investment firms (hereinafter, the Regulation or Solvency Regulation).

This annual report has been prepared jointly by TFSE’s Compliance, Risk Management and Finance Functions.

1.2. Name or registered name of the Entity

Tradition Financial Services España, Sociedad de Valores, SAU shall have as its object the provision of all investment and ancillary services.

The legislation in force that covers and regulates these services is as follows:

- Directive (EU) 2019/2034 of 27 November on the prudential supervision of investment firms.
- Law 6/2023 of 17 March on Securities Markets and Investment Services.
- Law 35/2003 of 4 November on collective investment undertakings and its implementing regulations.
- Royal Decree 813/2023 of 8 November on the legal regime governing investment firms and other entities providing investment services.
- Royal Legislative Decree 1/2010 of 2 July, approving the consolidated text of the Companies Act.

1.3. Transfer of own funds

There are not considered to be any material, practical or legal impediments to the immediate transfer of own funds or the repayment of liabilities between the entity and its parent undertaking.

1.4. Key concepts of current solvency regulations

This section outlines the most significant regulatory terms, which will enable the reader to better understand the text.

1. Levels of own funds: these are divided into Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital.
2. Calculation of requirements: the amount of own funds of an EU parent undertaking on a consolidated basis may not be less than the higher of the following:
 - a) The requirement for fixed overheads

- b) The minimum permanent capital requirement and
 - c) The K-factor requirement.
3. The solvency ratio is calculated as the quotient of eligible capital (own funds) and the own funds requirements, the latter being the higher of:
- (i) the requirement based on its fixed overheads for the preceding financial year
 - (ii) its minimum permanent capital requirement, or
 - (iii) its requirement based on the K-factors.

The total ratio is 100%, but each type of capital must cover at least 56% of ordinary Tier 1, 75% of ordinary Tier 1 plus additional Tier 1, and the total capital ratio of 100%.

4. Fixed overheads from the previous financial year. This concept is particularly relevant in the case of TFSE as it determines the level of Pillar 1 own funds requirements. Neither variable remuneration nor severance payments, amongst other deductions, are taken into account in its calculation.

The figure allocated at the end of the 202X financial year is that corresponding to the 202X–1 financial year, unless the overheads for the 202X financial year show a variation of $\pm 30\%$ compared to 202X–1, in which case those corresponding to the 202X financial year shall be calculated.

5. K-factors. To estimate the requirements under this criterion, a base is calculated for each of the following factors, grouping together the items reflected therein and in accordance with the specifications set out in the Regulation and/or the RTS (*Regulatory Technical Standards*), as well as in the ITS (*Implementing Technical Standards*) drawn up for this purpose:

- **COH**: moving average of the value of total daily client orders processed. It is calculated on a consolidated basis by aggregating the relevant metric for the entity.
- For the calculation of **NPR** (market risk), the Regulation sets out three alternatives:
 - (i) Traditional standardised approach set out in Regulation (EU) No 575/2013.
 - (ii) Alternative standardised approach, introduced into Regulation (EU) No 575/2013 by Regulation (EU) 2019/876.
 - (iii) Alternative internal models approach, also introduced in Regulation (EU) No 575/2013 by Regulation (EU) 2019/876.

TFSE has followed the method set out in point (i).

6. Liquidity. ESIs must hold liquid assets amounting to at least one-third of the requirement based on fixed overheads (one-third of one-quarter of the structural costs for the previous financial year).

2. RISK MANAGEMENT POLICIES AND OBJECTIVES

TFSE applies rigorous attention to maintaining a prudent and balanced risk profile whilst preserving the objectives of solvency, profitability and adequate liquidity.

TFSE has a Risk Management Policy (hereinafter “EWRMF”, which stands for Enterprise-wide Risk Management Framework), approved by the Board of Directors of TUKH, an entity belonging to the Tradition Service Holding S.A. Group (TFSE’s parent company), as well as TFSE’s own risk management manual. As regards risk management processes, the entity’s main objectives, delegated to the three lines of defence (see section 10. Corporate Governance System), are:

- To identify and assess the risks posed by TFSE;
- To identify, implement, assess and monitor mitigation strategies in order to reduce the company’s gross risk exposure;
- To alert the TFSE Board of Directors to any significant threat to its risk appetite;
- To identify, record and analyse risk events;
- Monitor key risks and report on their threat levels;
- Ensure that issues identified internally or by third parties are recorded, remedied, escalated and reported;
- Ensure the integration and coherence of the various components of the company’s risk management framework (including the operational risk management and liquidity risk management frameworks);
- Provide senior management with risk-related information to promote informed decision-making;
- Facilitate and foster a strong risk management culture within the organisation; and
- Contribute to the quantification of risk-based regulatory capital and the continuous improvement of capital requirement management.

The EWRMF stipulates that risk management and control is organised across four levels:

1. TUKH Board of Directors: The TUKH Board is responsible for the overall operational management of TFSE. Furthermore, it is responsible for establishing the risk management strategy and setting the risk appetite across the Group’s entities.
2. Audit and Risk Committee: This is a subcommittee of the Board of Directors comprising both the management bodies of the subsidiaries and members of the Group’s Board of Directors.

In addition to its role of providing an independent assessment and assurance to the Board regarding the effectiveness of the risk management framework, the Audit and Risk Committee is responsible for overseeing the integrity of the financial statements, supervising the internal

audit function, and providing independent assurance to the TUKH Board regarding the effectiveness of systems, controls, policies and procedures.

3. TFSE Management Body: approves the policies, methods and procedures relating to the management of risks inherent in its own activities. Under no circumstances may these be inconsistent with the policies, methods and procedures approved by the TFSE Board of Directors; in all cases, the limits shall be at least as restrictive.
4. Risk Department: responsible for carrying out internal control and risk management functions. Its risk management functions are as follows:
 - Ensuring that the company's own business operations are appropriate and have been carried out in accordance with the established limits and policies.
 - Verifying that risk management is efficient and is reviewed on a regular basis.
 - Updating or proposing to the relevant body the appropriate modifications to the entity's internal control framework, to ensure adequate monitoring of identified and future risks.

Article 161 of the LMV requires the Board of Directors of ESIs to “define a robust corporate governance system that ensures the effective and prudent management of the entity”, for which they must ensure the entity has “an appropriate division of functions within the organisation and the prevention of conflicts of interest, promoting market integrity and the interests of clients” To this end, a series of principles are set out which such a system must meet; additionally, Articles 169 and 170 establish the characteristics that the remuneration policy must meet in order to be compatible with sound and effective risk management and to avoid conflicts of interest.

Furthermore, Article 175 assigns responsibility for risk-taking to the board of directors and establishes the obligation to set up a risk committee.

TFSE's Enterprise-Wide Risk Management Framework (EWRMF) provides a high-level overview of the key processes related to risk management, including the approaches used for risk assessment, quantification and reporting, and an overview of the infrastructure supporting these processes.

The EWRMF incorporates best practices for managing risk in the most appropriate manner given the nature, scale and complexity of TFSE's activities. We can therefore conclude that, in order to properly fulfil the remit set out in the regulations, it is necessary to:

1. Have adequate planning of internal resources;
2. Identify, assess and measure risks;
3. Set limits on risk tolerance levels;
4. Establish a system for monitoring and controlling risks; and
5. Subject the balance between own funds and risks to stress testing.

The EWRMF applicable to TFSE sets out in detail the processes and procedures to be taken into account to address each of the requirements indicated, as set out in TFSE's risk management manual.

On the other hand, the investment policy does not apply because, as a wholesale broker, TFSE does not take investment positions.

2.1. Key concepts of current solvency regulations

It is the responsibility of the TFSE Board of Directors to approve a plan setting out the present and future requirements for own funds and internal capital necessary to ensure the institution's solvency.

The own funds target is set within a range and as a percentage of the excess or surplus over the minimum capital requirements set out in the Regulation (Pillar 1), thereby enabling **these requirements** (arising from the application of the Regulation) **to be met**.

In this way, capital planning is carried out with the aim of complying, at all times, with the agreed own funds target for the period. The procedure for drawing up this plan consists of:

1. Carrying out an estimate of **capital consumption** to determine the capital requirements associated with Pillar 1.
2. Estimating **sources of capital**.
3. Analysing various **stress scenarios**; that is, the estimates set out in points 1 and 2 above are subjected to stress scenarios in order to determine their impact on the Group's solvency.

2.2. Risk analysis

The EWRMF sets out in detail the mechanisms, methods and procedures employed by the bodies involved in risk management to identify risks and/or their nature, assess their incidence from a qualitative (quality) perspective and quantify the impact by calculating the own funds required to address such risks, i.e. to analyse the characteristics of each of the risks to which TFSE is exposed.

Although the level of own funds for TFSE is determined by structural costs, taking the risks considered for the determination of own funds as a reference, the risks grouped into the following categories have been identified as material: customer risk (RtC) and market risk (RtM).

In addition, credit risk, market risk and operational risk arising from the Group's core business activities are closely monitored and mitigated, whilst the OneSumX internal control tool is used to monitor the proper management of risks and incidents, as well as the resulting action plans.

In addition to the risks outlined above, it is considered that the Group could also be affected, albeit to a lesser extent, by the risk of being part of a group. For the purposes of this report, all of these are grouped under the heading 'Other risks'.

2.3. Tolerance level

Once the relevant risks to which the Group is exposed have been identified, the impact of these risks is measured or quantified. As established in the EWRMF, the calculation of capital requirements is considered a valid criterion for quantifying the impact of each risk.

The procedure followed for calculating such requirements complies with the criteria set out in the Regulation. In addition, the criteria set out in the GAC Guide, published by the CNMV, will be used.

Thus, the EWRMF stipulates that the following factors shall be taken into account when calculating the capital requirements associated with each of the risks indicated:

- Risk to clients. This shall include the following factor: K-COH reflects the potential risk to clients of ESI executing orders.
- Market risk. This is determined by the K-NPR factor and seeks to measure the risk associated with the net position in any of the classes of financial instruments included in the trading book.

The calculation criteria are those set out in the Regulation and in the final drafts of the *European Banking Authority* (hereinafter, EBA) for the RTS and ITS drawn up on the basis of the mandates contained in the Regulation itself.

The tolerance level corresponds to the limits established by the competent body for each risk individually or for the aggregate of all risks. Depending on the nature and characteristics of each risk, as well as the activity it affects, the respective limits are determined, either as absolute values or as percentages. Where applicable, the weightings to which these limits are subject will be determined.

However, having an agile and efficient risk policy requires that the established limits and weightings be subject to ongoing review from both a quantitative and qualitative perspective, as well as from a conceptual perspective.

2.4. Management mechanisms

Once the risks have been analysed and the permissible limits set, it is necessary to establish mechanisms that enable efficient risk management. These mechanisms take the form of: control and monitoring systems; and decision-making and implementation.

However, the efficiency of the chosen mechanisms depends on the environment in which they are applied, meaning that it can be enhanced or diminished depending on factors such as:

- (i) The organisational structure of the business areas, both from an internal perspective and in terms of how they interact with one another
- (ii) The philosophy adopted to achieve the Entity's objectives

- (iii) The conduct of the Organisation's members
- (iv) The Organisation's responsiveness.

2.5. Stress tests

The ultimate objective of proper risk management is to prevent the impact of risks from undermining the organisation's solvency and jeopardising the conduct of its business, potentially leading, in extreme situations, to its closure. To this end, it is essential to understand the potential impact of each risk should it materialise, and it is advisable to carry out stress tests at an individual level, although this approach may prove inefficient given that risks may behave differently in the same environment.

It has been decided to subject the institution's solvency structure (own funds and risk-related requirements) to a stress scenario. Given that advanced approaches are not used for risk quantification, nor is the Entity classified as an EISM or OEIS, and in line with regulatory requirements, it has been decided to apply a single combined financial and macroeconomic stress scenario, based on the definition of a series of hypothetical systemic and idiosyncratic events.

Once the combined scenario test has been carried out, it is demonstrated that the Entity has sufficient capital to maintain a capital surplus in each financial year of the projection period, even after applying the stress factors and taking into account the additional capital requirement.

In the three-year projection carried out, the results show that TFSE would maintain a solvency ratio of over 100% in all the financial years analysed, reaching 104% in the first year, 115% in the second and 114% in the third, even in the worst-case stress scenario considered.

3.1. Summary of the main characteristics and conditions of own funds

For the purposes of calculating own funds, TFSE considers the items defined in the IFR Regulation to be core own funds, as well as the own funds requirement based on internal self-assessment, taking into account the corresponding limits and deductions.

Ordinary Tier 1 own funds are characterised by the fact that they can be used immediately, and without restriction, to cover risks or losses as soon as they arise, with their amount recorded free of all tax and foreseeable dividends at the time of calculation.

3.2. Amount of Own Funds

The following table presents the breakdown as at 31 December 2025 of TFSE's eligible own funds, indicating each of its components and deductions, and broken down into ordinary Tier 1, Tier 1 and Tier 2 own funds:

Item	Amount (thousands of euros)
1.1. Tier 1 capital	7,490
1.1.1. Common Equity Tier 1 capital	7,490
1.1.1.1.1 Paid-up equity instruments	750
1.1.1.1.3 Share premium	3,000
1.1.1.1.4 Recognisable reserves	3,740
1.1.1.1.10 (-) Losses for the current financial year	-
1.1.1.1.11 (-) Net intangible assets	-12
1.1.2. Additional Tier 1 capital	-
1.2. Tier 2 capital	-
TOTAL OWN FUNDS AFTER TOTAL DEDUCTIONS	7,478

4. INFORMATION ON MINIMUM OWN FUNDS REQUIREMENTS

4.1. Minimum own funds requirements

The table below shows the amount of own funds requirements associated with structural expenses and a breakdown of those associated with the K-factors (customer risk, market risk, operational risk), determining the Pillar 1 requirements (figures expressed in thousands of euros).

	TYPE OF RISK	Risk exposure	Factor	Requirements RR.PP.	
Pillar 1	Minimum permanent capital = A			750	
	Overhead costs = B	25,895	25%	6,474	
	K-factors = C			4,997	
	Risk to customers			4,767	
	Assets under management (AUM)	-	0.02%	-	
	Client money held (CMH)	-	0.40%	-	
	Assets under custody and management (ASA)	-	0.04%	-	
	Cash orders received from clients (COH)	3,883,437	0.10%	3,883	
	Orders received from clients for derivatives (COH)	8,839,293	0.01%	884	
	Market risk			230	
	Fixed income positions (NPR)	-	8%	-	
	Positions in UCITS (NPR)	-	32%	-	
	Foreign exchange positions (NPR)	2,872	8%	230	
	Risk to the company			-	
	Counterparty risk (TCD)				
	Spot trading risk (DTF)	-	0.10%	-	
	Derivatives trading risk (DTF)	-	0.01%	-	
	Concentration risk (CON)				
	Pillar 1 capital requirements = MAX (A, B, C)				6,474
	Total GAC Guide Requirements				6,474

5. INTERNAL RISK ASSESSMENT

This section of the report covers the internal identification and quantification of the various risks to which TFSE is exposed.

The Risk Department, in coordination with all areas of the company, carries out an annual review of risks using the system employed for reporting them, known as RCSA (*Risk and Control Self-Assessment*), in which risks are assessed quantitatively and qualitatively based on the EWRMF criteria.

The risks relating to the entity's solvency are detailed in sections 6 to 9 of this report. However, the entity's main risks are detailed below:

5.1. Types of Risk

Credit

The finance function monitors fees due from customers in order to assess and manage overdue balances. Where the recovery of all or part of the amounts owed is doubtful, Finance is responsible for setting aside provisions so that the balance sheet figures fairly reflect potential credit losses.

The finance function has an agreed methodology in place that is used and aligned with applicable accounting and regulatory requirements. Oversight of the provisioning process is carried out by the Credit Control Committee.

Concentration

TFSE has assessed its exposure to sectoral, geographical, liability and asset concentrations to consider how these may increase the entities' exposure to credit risk. A potential area of significant concentration for capital assessment purposes is that of commission receivables arising from a concentration of major customers.

Market

TFSE does not take principal positions and therefore does not incur market risk from its intermediation activities. However, TFSE is exposed to foreign exchange risk arising from changes in the value of its current assets and liabilities that are not denominated in its base currency, the euro, due to movements in exchange rates.

Operational

TFSE is exposed to a number of risks inherent to the operation of the business and the type of entity it is, which are as follows:

- Money laundering
- Market abuse
- Anti-corruption

- Other professional obligations
- Fraud
- Labour practices and workplace safety
- Customers, Products and Commercial Practices
- Process execution and management
- Business disruption and system failures
- Technology
- Cybersecurity

These risks, which are inherent to business operations, are mitigated through the establishment of appropriate controls and their monitoring by TFSE's support functions and the company's management.

Interest rate

TFSE has no interest-bearing debt or investments in interest-bearing securities. Furthermore, it has no banking portfolio and does not grant loans, so there is no interest rate risk to manage as part of its revenue-generating activity.

Liquidity

TFSE has carried out a liquidity risk assessment, which supports the conclusion that TFSE has an adequate liquidity position and that the company does not require capital to cover liquidity risk.

This conclusion has been reached based on the estimation of liquidity stress events, where a series of scenarios have been developed, including idiosyncratic events, market-wide events and a scenario combining idiosyncratic and market-wide events.

Excessive leverage

TFSE has no external debt and, due to the nature of its business, does not need to leverage its balance sheet to finance its activities. Its borrowing requirements, where they exist, are for managing short-term liquidity through intercompany balances within the CFT group (Compagnie Financière Tradition, SA).

6. INFORMATION ON THE CAPITAL REQUIREMENT FOR STRUCTURAL COSTS

6.1. Definition

The requirement based on fixed overheads shall be at least one quarter of the fixed overheads for the preceding financial year, and the figures derived from the applicable accounting framework shall be used for its calculation.

6.2. Basis of calculation

Below is a breakdown of overheads for the calculation of the solvency ratio as at December 2025:

Reference date: 31 December 2025 (in thousands of euros)	
ITEM	Financial year 2025
Fees	1,038
Exchange rate losses	117
Staff costs	33,301
Overheads	13,545
Contributions and taxes	451
Depreciation	269
Income tax	1,717
TOTAL	50,438¹

6.3. Capital requirements

In accordance with the definition provided, the capital requirements associated with this criterion are equivalent to one quarter of the overheads (after including deductions) incurred by TFSE during the 2025 financial year, i.e. €6,474 thousand.

¹ When calculating the capital requirement for overheads, a number of deductions are included in accordance with the regulation.

7. INFORMATION ON THE OWN FUNDS REQUIREMENT FOR MINIMUM PERMANENT CAPITAL

7.1. Definition

The minimum permanent capital corresponds to the institution's minimum capital.

7.2. Calculation basis

With regard to the capital requirements for TFSE, as it is considered a financial intermediation securities firm, and in accordance with European Parliament Directive 2019/2034, the corresponding amount of share capital in euros is 750,000 euros.

8. INFORMATION ON THE OWN FUNDS REQUIREMENT BY K-FACTORS

8.1. Definition

The own funds requirement associated with the K-factor criterion shall be at least equal to the sum of the own funds required on the basis of the K-factors comprising the following risks:

- Customer risk (RtC).
- Market risk (RtM).

8.2. Calculation basis

The basis for the calculation has been the exposures to each of the factors that may affect each risk (see section 2.3 of this report); in determining these exposures, the technical specifications set out in the Regulation itself and in the procedural guidelines provided by the regulatory authorities have been followed.

8.3. Capital requirements

Based on the value of the exposures associated with each factor k, the coefficients set out in Article 15 of the Regulation have been applied to calculate the requirements. The following table presents the calculation of the requirements resulting from the application of this criterion (figures expressed in thousands of euros).

ITEM	VALUE OF THE EXPOSURE	COEFFICIENT	REQUIRED CAPITAL
Customer risk			4,767
Assets under management (AUM)	-	0.02%	-
Client funds deposited - Segregated	-	0.4%	-
Client funds – Non-segregated	-	0.5%	-
Assets held in custody and under management	-	0.04%	-
Orders processed - Cash transactions	3,883,437	0.1%	3,883
Orders processed - Derivatives transactions	8,839,293	0.01%	884
Market risk			230
Net position risk requirement	2,872	8%	230
Risk to the company			-
Breach by the other party	-		-
Daily trading volume - Cash transactions	-	0.1%	-
Daily trading volume - Derivatives trading	-	0.01%	-
Concentration risk requirement	-		-
TOTAL REQUIRED OWN FUNDS			4,997

As at 31 December 2025, the capital requirements arising from the application of the K-factor criteria for TFSE amount to €4,997 thousand.

9. INFORMATION ON THE LIQUIDITY RISK REQUIREMENT

9.1. Definition

Liquidity risk is the risk that TFSE will be unable to meet its liabilities as they fall due and will be unable to maintain access to efficient and stable sources of funding. These requirements must be met through high-quality assets and comply with those set out in Commission Delegated Regulation (EU) 2015/61, applying the relevant haircuts where applicable.

9.2. Calculation basis

TFSE has replaced a capital estimate to cover liquidity risk with an analysis of the company's liquidity policy, liquidity control systems and contingency plans, and complies with the liquidity requirements of the Investment Firms Regulation (IFR) and the CNMV's requirements as set out in the Annual Capital Self-Assessment Report (IAAC).

ESIs are required to maintain a volume of liquid assets of at least one-third of the ' ' requirement based on

fixed costs, i.e. one-third of one-quarter of the structural costs for the preceding financial year.

9.3. Additional liquidity requirements

As part of the Liquidity Stress Testing Policy, for TFSE and the entity's risk profile, eight risk events are identified that could lead to liquidity outflows.

The gross liquidity outflows associated with each event are measured annually by Finance. Based on these stress events, a series of scenarios have been developed, including two idiosyncratic scenarios, two market-wide scenarios and one scenario combining idiosyncratic and market-wide events.

The most severe of these is the combined scenario, which leads to a gross liquidity outflow over 90 days of €1,782,000, predominantly in the first two weeks. Furthermore, a liquidity buffer of 10% is included on top of the gross liquidity outflow caused by the stress scenario. Therefore, to remain within its liquidity risk appetite, the entity must maintain at least €4,118,000 in immediately available cash at all times.

As at 31 December 2025, TFSE held €8,045,000 in liquid assets deposited with banks as unencumbered short-term deposits. TFSE has prepared a Liquidity Risk Assessment which supports the conclusion that TFSE has an adequate liquidity position and that the company does not require capital to cover liquidity risk.

10. CORPORATE GOVERNANCE SYSTEM

TFSE's governance structure ensures that risk management remains continuously visible to the Board and Senior Management throughout the year. To ensure adequate risk management and proper oversight thereof, TFSE has adopted a 'three lines of defence' model for risk governance.

First line: The first line of defence is the company's business and operational management, which has direct ownership, responsibility and accountability on a day-to-day basis for assessing, controlling and mitigating risks and establishing an appropriate control environment.

Second line: The second line of defence consists of the Risk and Compliance functions, which oversee the activities of the first line and facilitate the implementation of effective risk management practices. To this end, the Compliance and Risk departments ensure these functions are carried out through a direct reporting line to senior management.

Third line: As the third line of defence, the Internal Audit function provides assurance to the Board regarding the adequacy of internal controls, risk management and governance processes, particularly when these are affected by significant changes in TFSE's risk environment. TFSE's Internal Audit function is outsourced to an independent service provider.

Finally, the Board has established an Audit and Risk Committee as a governance committee to oversee the risk management framework, which meets at least twice a year.

The areas corresponding to the second line of defence, which are responsible for the supervision, updating and control of the entity’s risk and internal control model, are as follows:

- The Risk Function reports to the CEO of TFSE. The Risk Function is responsible for measuring, monitoring and reporting on risks at TFSE and for driving the development of risk management capabilities and the risk management framework.

The Risk Function prepares reports on risk matters which are included in the information presented to the Management Committee and the Audit and Risk Committee.

- The Compliance Function reports to the CEO of TFSE. The objective of the Compliance Function is to oversee compliance with all regulatory standards and requirements and to ensure that all regulatory matters are monitored and managed effectively.

The Compliance Function prepares reports on regulatory matters which are included in the information presented to the Management Committee and the Audit and Risk Committee.

10.1. The organisation’s Board of Directors

Furthermore, in accordance with Article 46 of Directive 2019/2033 of the European Parliament, the number of management positions held by members of the management body must be disclosed, in accordance with the information relating to internal governance provisions.

The positions held by the members of the TFSE Board of Directors as at 31 December 2025, as well as the number of management positions they hold, are as follows:

Name of director	Number of management positions in companies within the Tradition Service Holding S.A. group
Francois Brisebois	15
William Wostyn	38
Michael Anderson	2
Nicolas Fontaine	1
Alex Lewis	1
Solon Satanas	2
Mark Fennell	9
Javid Cante	7

10.2. Board Statement on Risk Management Arrangements

The Board confirms that the risk management arrangements provide assurance that the risk management systems in place are appropriate in relation to TFSE’s profile and strategy.

TFSE does not carry out any proprietary trading and its risk profile focuses on acting as an intermediary for clients. It is exposed to operational risk arising from disruption, inaccuracy or incompleteness in the provision of these services. The Board of Directors adopts a conservative approach and maintains a low tolerance for risks that could materially affect the business strategy.

11. REMUNERATION POLICY AND PRACTICES

11.1. Establishment of the remuneration policy

The remuneration policy has been drawn up in compliance with applicable regulations, in particular Law 6/2023 of 17 March on Securities Markets and Investment Services and Royal Decree 813/2023 of 8 November on the legal regime governing investment services firms and other entities providing investment services.

The Appointments and Remuneration Committee, a body delegated by the Board of Directors, is responsible for proposing the Group's remuneration policies to the Board of Directors and for monitoring them, a task carried out by TUKH. When the Remuneration Committee and/or the Boards of Directors are required to issue a decision on remuneration, including any form of variable remuneration, management must provide the following information:

- a) Performance of each relevant business unit.
- b) Collective performance of the relevant team within the unit.
- c) Individual performance in relation to job requirements, with particular attention to cases of exceptional performance.
- d) Competitive market data.

11.2. Key features of the remuneration system design

The intention of TFSE and of this Policy is to comply with the following principles:

1. Not to encourage the taking of risks that exceed the level of risk tolerated by the organisation.
2. To reflect the entity's business strategy and long-term interests.
3. To provide measures to prevent conflicts of interest.
4. The adoption and periodic review of the Policy, and the acceptance of responsibility for its implementation by Tradition's Board of Directors.
5. Employees in positions of significant influence must be independent of the business units they oversee, have sufficient authority and be remunerated in accordance with the objectives linked to their roles.
6. Variable remuneration must not limit the entity's ability to strengthen its capital base.
7. Where the institution benefits from exceptional state intervention, it must be ensured that variable remuneration is strictly limited to a percentage of net revenue and is not paid to senior positions unless justified.

8. Performance assessments used to calculate variable remuneration must be based primarily on profits. Generally speaking, total variable remuneration should be significantly reduced when the firm's financial performance is negative or modest.
9. Finally, remuneration is based on:
 - a. Performance assessment: Where remuneration is linked to performance, total remuneration should be based on both the individual's performance and conduct, as well as the performance of the relevant business unit and the company.

Both financial and non-financial criteria (including conduct and regulatory compliance) must be taken into account.
 - b. Guarantee: Variable remuneration may only be guaranteed in exceptional circumstances, specifically when hiring a new employee, and shall be limited to the first year of employment.
 - c. Dismissal: The severance payment should reflect performance over time and not reward poor performance.

11.3. Key parameters, potential variable remuneration schemes and other non-monetary benefits

Variable remuneration is awarded on the basis of actual results achieved and not on future results. Payment of the variable component of remuneration is made in cash, although non-monetary forms of remuneration may also be considered.

For the purposes of this policy, guaranteed variable remuneration comprises all forms of remuneration whose value can be determined prior to allocation. This includes, without limitation, guaranteed payments or sign-up or exit payments.

Variable remuneration may only be guaranteed where the following conditions are met:

- a) Exceptional nature.
- b) It covers a period not exceeding 12 months.
- c) It is generally applicable only in relation to new hires.
- d) The company has a sound and consolidated capital base.

11.4. Aggregated quantitative information

11.4.1. Breakdown by employee category

The following table sets out the amounts and forms of variable remuneration granted, broken down into cash, shares, share-linked instruments and other types, separately for the portion paid in advance and the deferred portion:

STAFF		REMUNERATION (thousands of euros)				
	Number of Employees	FIXED	VARIABLE ACCRUED			TOTAL
			Cash	Equity instruments	Other	
Senior Management	8	1,160	587	-	-	1,747

11.4.2. Information on recruitment and severance payments

Throughout 2025, there has been an increase in the total number of TFSE recruitments:

	Financial year 2025				
	Average		At the end of the financial year		Totals
	Men	Women	Men	Women	
Senior Management	7	2	6	2	8
Coaches	72	5	71	5	76
Administrative	20	15	23	13	36
Totals	99	22	100	20	120

Six employees received remuneration in excess of €1 million in the 2025 financial year. Total expenses for severance payments amounted to €5,822 in the 2025 financial year.

ANNEX I – Description of the main characteristics and nature of the equity instruments

For the purposes of the disclosure pursuant to Article 437(1)(a), (b), (d) and (e) and Article 492(3) of the Regulation concerning the Institution's own funds, the Commission has adopted Implementing Regulation (EU) No 1423/2013, which sets out the technical standards to be followed by all institutions for the uniform presentation of this information; to this end, it has stipulated that the information be presented in three tables covering the following details:

- Table 1: Full reconciliation of own funds items with the audited financial statements.
- Table 2: Description of the main characteristics of ordinary Tier 1 capital instruments, additional Tier 1 capital instruments and Tier 2 capital instruments issued by institutions.
- Table 3: Nature and amounts of the specific items applied to own funds during the transitional period.

1. Composition of regulatory own funds

		(a)	b)
		Amounts	Source based on reference numbers / balance sheet items in the audited financial statements
Common Equity Tier 1 capital: instruments and reserves			
1	OWN FUNDS	7,479	
2	TIER 1 CAPITAL	7,479	
3	COMMON TIER 1 CAPITAL	7,490	
4	Fully paid-up capital instruments	750	
5	Share premium	3,000	
6	Retained earnings	-	
7	Accumulated other comprehensive income	-	
8	Other reserves	3,740	
9	Minority interests recognised in Common Equity Tier 1 capital	-	
10	Adjustments to Common Equity Tier 1 capital due to prudential filters	-	
11	Other funds	-	
12	(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1 CAPITAL	-12	
13	(-) Common Tier 1 capital instruments	-	
14	(-) Direct holdings of Common Equity Tier 1 instruments	-	
15	(-) Indirect holdings of ordinary Tier 1 capital instruments	-	
16	(-) Synthetic holdings of ordinary Tier 1 capital instruments	-	
17	(-) Losses for the current financial year	-	
18	(-) Goodwill	-	
19	(-) Other intangible assets	-12	
20	(-) Deferred tax assets that depend on future profitability and do not arise from temporary differences, net of related tax liabilities	-	
21	(-) Qualifying holding outside the financial sector exceeding 15% of own funds	-	
22	(-) Total qualifying holding in undertakings other than financial sector entities exceeding 60% of its own funds	-	
23	(-) Common Tier 1 capital instruments of financial sector entities in which the entity does not have a significant investment	-	
24	(-) Common Equity Tier 1 instruments of financial sector entities in which the entity has a significant investment	-	
25	(-) Assets of defined benefit pension funds	-	
26	(-) Other deductions	-	
27	Common Equity Tier 1 capital: Other capital items, deductions and adjustments	-	
28	ADDITIONAL TIER 1 CAPITAL	-	
29	Fully paid-up and directly issued capital instruments	-	
30	Share premium	-	
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1 CAPITAL	-	
32	(-) Additional Tier 1 capital instruments	-	
33	(-) Direct holdings of Additional Tier 1 capital instruments	-	
34	(-) Indirect holdings of Additional Tier 1 capital instruments	-	
35	(-) Synthetic holdings of Additional Tier 1 capital instruments	-	
36	(-) Additional Tier 1 capital instruments of financial sector entities in which the entity does not have a significant investment	-	
37	(-) Additional Tier 1 capital instruments of financial sector entities in which the entity has a significant investment	-	
38	(-) Other deductions	-	
39	Additional Tier 1 capital: Other capital items, deductions and adjustments	-	
40	TIER 2 CAPITAL	-	
41	Fully paid-up and directly issued equity instruments	-	
42	Share premium	-	
43	(-) TOTAL DEDUCTIONS FROM TIER 2 CAPITAL	-	
44	(-) Tier 2 capital instruments	-	
45	(-) Direct holdings of Tier 2 capital instruments	-	
46	(-) Indirect holdings of Tier 2 capital instruments	-	
47	(-) Synthetic holdings of Tier 2 capital instruments	-	
48	(-) Tier 2 capital instruments of financial sector entities in which the institution does not have a significant investment	-	
49	(-) Tier 2 capital instruments of financial sector entities in which the entity has a significant investment	-	
50	Tier 2: Other capital items, deductions and adjustments	-	

2. Equity: reconciliation of regulatory equity with the balance sheet in the audited financial statements

		a	b	c
		Balance sheet according to the published/audited financial statements	Within the regulatory scope of consolidation	Cross-reference to EU IF CC1
		At the end of the period	At the end of the period	
<i>Assets – Breakdown by asset class according to the balance sheet in the published/audited financial statements</i>				
1	Loans to financial intermediaries	8,044,659.16		
2	Debt securities	-		
3	Shares and Holdings	1,200.00		
4	Tangible fixed assets	298,320.86		
5	Intangible fixed assets	11,666.67		
6	Tax assets	204,489.71		
7	Accruals	8,966,069.38		
8	Other assets	12,696,001.53		
	Total assets	30,222,407.31		
<i>Liabilities – Breakdown by class of liability according to the balance sheet in the published/audited financial statements</i>				
1	Tax liabilities	1,142,364.55		
2	Accruals	11,469,130.40		
3	Other liabilities	2,546,407.11		
	Total liabilities	15,157,902.06		
Equity				
1	Capital	750,002.00		
2	Share premium	2,999,997.00		
3	Reserves	3,731,940.91		
4	Retained earnings (+/-)	-		
5	Profit for the year (+/-)	7,574,020.66		
6	Adjustments for change in value	(8,544.68)		
	Total equity	15,064,505.25		

3. Equity: key characteristics of the equity instruments issued by the company:

		<i>Free text*</i>
1	Issuer	Tradition Financial Services España, Sociedad de Valores S.A.U
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement of securities)	n/a
3	Public or private placement	Private
4	Legislation applicable to the instrument	Royal Legislative Decree 1/2010 of 2 July, approving the consolidated text of the Companies Act (Art. 90–158)
5	Type of instrument (each country shall specify the relevant types)	Ordinary Shares
6	Amount recognised in the authorised capital (in millions, as at the date of the last notification)	n/a
7	Nominal amount of the instrument	1
8	Issue price	1
9	Redemption price	n/a
10	Accounting classification	Equity
11	Initial issue date	23/12/2020
12	Perpetual or with a fixed maturity	n/a
13	Initial maturity date	n/a
14	Issuer's call option subject to prior approval by the supervisory authorities	n/a
15	Optional call option exercise date, contingent exercise dates and amount to be repaid	n/a
16	Subsequent exercise dates, if applicable	n/a
	<i>Coupons/dividends</i>	
17	Fixed or variable dividend or coupon	Variable
18	Coupon interest rate and any related index	n/a
19	Existence of restrictions on dividend payments	n/a
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
22	Existence of a coupon increase or other incentives to redeem	No
23	Cumulative or non-cumulative	Non-cumulative
24	Convertible or non-convertible	Non-convertible
25	If convertible, trigger(s) for conversion	n/a
26	If convertible, fully or partially	n/a
27	If convertible, conversion ratio	n/a
28	If convertible, mandatory or optional conversion	n/a
29	If convertible, specify the type of instrument into which it can be converted	n/a
30	If convertible, specify the issuer of the instrument into which it converts	n/a
31	Redemption characteristics	n/a
32	In the event of amortisation, triggering factor(s)	n/a
33	In the event of full or partial repayment	n/a
34	In the event of write-off, permanent or temporary	n/a
35	If the write-down is temporary, description of the revaluation mechanism	n/a
36	Non-compliant features following the transition	n/a
37	If so, specify the non-conforming characteristics	n/a
38	Link to the full terms and conditions of the instrument (hyperlink)	n/a

* Enter 'n/a' where the question does not apply