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

Davy House, 49 Dawson Street, Dublin 2.

30 December 2022

1. Davy

Background

From 26 June 2021, a harmonised prudential framework (Investment Firms Regulation ("IFR")/ Investment Firm Directive ("IFD")) was transposed into law for investment firms authorised in the EU. The framework imposed new requirements relating to Capital and Own Funds, Liquidity, Internal Governance, Remuneration, and Disclosure and Reporting on in-scope investment firms. J & E Davy Unlimited Company ("JED") is currently classified as a Class 2 firm.[1]

In Ireland, the implementation of the IFR/IFD required regulated firms to make significant changes to the way they calculate their capital requirements including the application of the existing concepts of minimum capital requirements ("Pillar 1") and the internal capital adequacy assessment process ("Pillar 2") in the determination of those requirements. 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 exposures and risk management processes.

Structure & 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 30 December 2022, which is the accounting period end date for all Davy Group Companies.

JED is subject to the Client Asset Regulations as set out by the CBI. JED is also subject to the provisions of IFR/IFD. Bank of Ireland Group ("BOIG") is the ultimate parent of JED.

Proprietary and confidential information

As at 30 December 2021, the Davy Group was wholly owned by management, current and former employees. As of 1 June 2022, the Davy Group is wholly owned by BOIG. A summary financial statement is available on our website, www.davy.ie. General information is provided in the Davy Group's Pillar 3 Disclosures.

Frequency, location, and verification of disclosures

In accordance with IFR/IFD regulations, JED's Board of Directors (the "Board") ensure that the disclosures under IFR are made at least annually. The Board has decided 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 Davy Executive Committee, Davy Enterprise Risk Management Committee, JED Audit Committee and JED 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 within the Board approved Risk Appetite Statement.

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.

[1] The new 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.

Directorships

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.

As of 30 December 2022, the number of Directorships held by JED Board members are:

Number of Directorships held	59
of which Davy Group* directorships	22
External Directorships	37

*This includes any entities from Amber Note Unlimited Company and below in the Davy group structure.

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

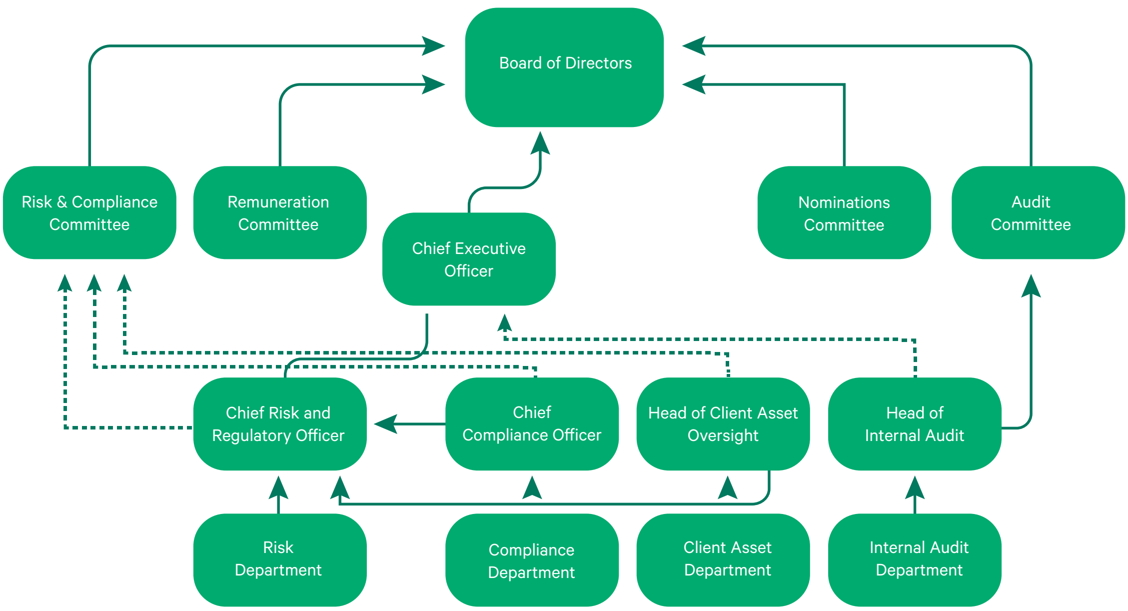
Noting the recent period of transition arising from the acquisition of Davy Group by BOIG, the Board has considered the appropriate blend and balance of diversity in all recent appointments and will continue to do so through alignment with the Davy Diversity and Inclusion Policy and where relevant, the principles of the BOIG Board Diversity Policy.

Board and Management Committees

Risk & Compliance Committee

JED has established a Risk and Compliance Committee ("RCC") which meets, at minimum, on a quarterly basis. In 2022, the Risk and Compliance Committee met eight times.

The RCC has a documented Terms of Reference which details its roles and responsibilities as delegated to it by the Board.



Dotted line denotes an indirect reporting line.

Management body 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, and gender. The JED Board is committed to achieving an appropriate blend and balance of diversity over time.

In 2022, JED's Board, as part of the approach to JED's Balanced Scorecard, set gender diversity targets as a percentage of senior management. While this target covers a broad management group, it is notable that, as of 30 December 2022, the Board was composed of 28% female members.

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 in compliance with the relevant laws, rules, and regulations together with internal policies and procedures, including oversight of the Whistleblowing Policy and associated procedures.

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.

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.

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 of JEDH and its subsidiaries which includes JED. In advising and assisting the CEO in his responsibilities, the key responsibilities of the Executive Committee include, but are not limited to, the development and recommendation of Davy's strategy, financial and investment plans for recommendation to the Board, monitoring the Firms risk profile, operating and financial performance of Davy, facilitation of active liaison, co-ordination and co-operation between business functions and promoting the desired culture throughout the organisation and reinforcing Davy's value on an ongoing basis through leadership by example.

Market Risk & 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 settlements 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 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 function

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

Risk

The CRRO is accountable for ensuring effective risk management and adherence to regulatory requirements and obligations throughout Davy, facilitating the setting of Risk Appetite by the Board, and providing ongoing assurance to the Board that the firm is operating within its Risk Appetite.

The CRRO is responsible for implementing and maintaining Davy's Risk Management Framework (RMF) and the development of appropriate enterprise-wide policies, procedures, and practices to strengthen risk management throughout JED. The CRRO evaluates and challenges the adequacy and effectiveness of risk practices and controls in place in the business and management actions taken to address any weaknesses/gaps. The CRRO is also responsible for independent oversight and governance with respect to risk identification, assessment, measurement, management, monitoring and reporting within Davy and for ensuring effective risk review of strategic planning.

The Risk Team supports the work of the CRRO. The Risk Team is responsible for the day-to-day running of the risk function relating to Operational, Financial and Enterprise Risk as well as Risk Governance and Reporting & Communications.

The Risk Team works closely with risk and control resources in the Business Units to ensure the RMF is appropriately embedded in Davy. The Risk Team 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 team 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)

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.

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 Head of Client Asset Oversight (HCAO) and monitors Davy's compliance with statutory obligations including Davy's Client Asset Key Information Document (CAKID), Client Asset Management Plan (CAMP) and the annual client asset examination.

Legal

Headed by the Davy General Counsel, the Legal Team is responsible for the management of litigation, providing guidance on legal matters and the procurement of legal advice. Legal is also responsible for managing client complaints including management of Complaints Log, analysis of trends in complaints and the escalation of issues to senior management. The Davy Data Protection Officer also forms part of the Legal Team.

Internal Audit

The Davy Internal Audit ("IA") team is an independent assurance function led by the Head of Internal Audit ("HIA"). The HIA is responsible for the completion of the annual risk-based plan as well as the day-to-day running of the team. The HIA 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.

4. Risk Management Objectives and Policies

Risk Profile and Strategy

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 business based on the 3 lines of defence model and
- 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 controlled and optimised. Good Risk Management aligns with Davy's strategic objectives, code of conduct and stakeholder priorities. Risk Management is central to the financial and operational management of financial services companies and fundamental to Davy's strategic priorities of:

- Best network
- Best people
- Simple and efficient
- Social license

Risk Management is a Davy-wide process of identifying, assessing, monitoring, and mitigating risks to performance, reputation, and regulatory standing.

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.

Risk Appetite

Risk control is predicated on setting effective boundaries and constraints on risk taking. Determining Davy's Risk Appetite and setting management triggers, across the categories of risk Davy has identified, allows the firm to design its business processes to operate within appropriate risk levels.

Risk Policies

To ensure that Davy is run within Risk Appetite there are various risk policies in place setting out the mandatory minimum standards for the management and mitigation of each risk.

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 sum of the most recent 15 months of AUM, excluding the 3 most recent months values is multiplied by a coefficient of 0.02%.

Clients who avail of Davy's Discretionary & Advisory Portfolio management service go through an extensive process that captures their investment objectives via an Investor Profile. In addition, they complete a psychometric profiler to assess their attitude to risk. Their adviser then issues a personalised Client Suitability Report that outlines the recommended strategy taking their objectives, capacity for loss and attitude to risk into account. On an annual basis a statement of ongoing suitability is issued to clients following a reassessment of their circumstances.

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 sum 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) and/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 sum 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 sum 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. The relaunch of the Fixed Income Business was approved by the Board on 9 December 2022.

JED calculates both specific and general capital risk requirements on equity positions in accordance with the IFR/IFD. 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/IFD. 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 statement 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, based on certain assumptions, the maximum likely loss, in market value terms, for existing risk positions. 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-CON (Concentration) and K-TCD (Trading Counterparty Default)
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 sum 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) and/or 0.01% (derivatives).

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 relates to exposure in the trading book of an investment firm in 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, which are independently managed and reviewed, within the Finance department.

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 policies and procedures in place to ensure counterparties are of appropriate credit worthiness and that limits are set and monitored to restrict potential losses.

5. Regulatory capital resources

As at 30 December 2022 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 at 30 December 2022:

Capital resources	As at 30 December 2022
Tier 1 Capital	(€m).
Called up share capital presented as equity[1]	2
Share premium account[1]	18
Retained earnings and other reserves[1]	107
Deductions from capital resources[2]	(13)
Total Capital Resources	114

Notes

[1] Total capital resources comprise share capital, share premium and audited retained earnings as per the 2021 audited financial statements of J & E Davy Holdings.
[2] A deduction is made in respect of prudential filters and intangible assets which do not qualify for regulatory capital purposes.

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
The fixed overhead requirement determined in accordance with Article 13 of this Regulation is €21.5m.

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

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 day-to-day monitoring of capital adequacy rests within the Finance function. Daily 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/IFR, JED is required to prepare an ICAAP focused on assessment of its capital adequacy and to determine the 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.

Risk management in Davy is an ongoing process and the ICAAP review complements the risk monitoring and reporting that takes places within JED on an ongoing basis, including Board reporting around it. 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 has overarching applicability 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 IFR/IFD.

Davy promotes gender neutrality 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.

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 IA 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 operate a discretionary performance related bonus award scheme which is based on firm wide and individual performance. Variable remuneration is awarded annually and may be in the form 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 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 the 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. For the performance year ending 2022, 37 people (including 6 Independent Non-Executive Directors) were assessed as MRTs for J&E Davy Unlimited Company on a qualitative basis.

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.

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 Management, Client Asset Oversight, Compliance, 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.

Quantitative Disclosures for MRTs

The ratio set by Davy between fixed and variable remuneration – set in accordance with Article 30(2) of Directive (EU) 2019/2034	2:1 for all staff

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.

ESG risks are risks that stem from the current or prospective impacts of ESG factors on JED that could cause an actual or potential material negative impact on:

- Davy's earnings, capital, franchise value or reputation.
- Davy's regulatory standing.
- The long-term sustainability of our clients' operations and financial wellbeing.
- The communities and environment in which we and our clients operate.

Davy defines the key sub-categories of climate related risks and environmental risks that impact our business as follows:

Transition Risks: The risks arising from disruptions and shifts associated with the transition to a low-carbon economy, which could lead to higher business costs, lower revenues, stranded assets. These include:

1. **Policy and Legal risks** e.g., imposition of a carbon tax, climate-related litigation.
2. **Technology risks** e.g., old technology replaced by cleaner technology.
3. **Market demand/supply risks** e.g., changing consumer behaviour; and
4. **Reputational risks** e.g., reduced client satisfaction of companies with a reputation of harming the climate.

Physical Risks: The risks related to potential financial implications from physical phenomena and associated climate trends which disrupt operations, supply value chains or damage property. These include:

1. **Chronic risks** e.g., long term trends – extreme weather events, chronic weather patterns, sea level rises, temperature changes, etc; and
2. **Acute risks** e.g., events such as floods, storms, water stress, resource scarcity, biodiversity loss, pollution, fires, heatwaves, or droughts

A definitive list of social and governance factors has not been provided by regulators; however, JED takes account of a range of factors informed by UN Sustainability Development Goals and other standards relevant to our industry.

Corporate Social Responsibility

Davy has long been conscious of its Corporate Social Responsibility (CSR) and the CSR strategy is a fundamental component of our business guided by our core values of Client Success, One Davy, and Proud Legacy.

We understand the importance of being a good corporate citizen, ethically and responsibly managing all aspects of our business so that we can make a difference that matters in our community, workplace, environment and marketplace among our employees, clients, and other stakeholders.

Community

As a business and as individual employees, we look to support our local communities through charitable giving and community efforts. Davy partners with two charities every year so we can make a difference that matters. We also support our employees who, as individuals or in groups, are contributing to our community, by matching funds raised for charitable causes and supporting volunteering efforts.

Workplace

We aim to create the best workplace possible, supporting our employees to reach their full potential and maximise their career progression, while prioritising their health and wellbeing.

[1] As defined in the European Banking Association (EBA) Report on Management and Supervision of ESG Risks for Credit Institutions and Investment Firms, EBA/REP/2021/18

Environment

Making a positive contribution to the environment in which we operate is a company priority. The Davy Green Team, a cross departmental team, initiates, develops and drives company-wide environmental programmes. The team sets the Group's objectives and targets in terms of energy management, waste management and recycling, transportation initiatives and water conservation. The Green Team builds awareness among Davy employees about the importance of making a positive impact on our environment.

Marketplace

Our business is founded on mutual trust and public confidence. Integrity, confidentiality, professionalism, compliance, and legality form the basis of the Davy Code of Conduct, the standards which all of our employees sign up to and practice day-to-day.

Integration of ESG within Davy

Building on the foundations of existing CSR structures, Davy is integrating ESG on a proportionate basis into its business operations and risk governance structures consistent with the Bank of Ireland Group ESG approach, which in turn is informed by the principles of the relevant EBA guidelines.

This encompasses the strategy, risk management activities and governance arrangement of JED.

ESG and Strategy

As Ireland's leading capital markets and wealth manager provider, Davy is committed to supporting national efforts to build a more sustainable and equal society.

This commitment is embedded across our purpose, values, and strategic priorities.

It also now embeds in our governance and risk processes, and across all our client propositions.

Davy can play a substantial role in our transition to a green economy, sitting as it does at the heart of wealth and capital in Ireland. We are investing to deliver on this potential, in line with the expectations of our stakeholders.

To provide the foundations for our sustainability programme, we conducted a baseline sustainability review of our activities, products, services, and operations across all our locations in 2022.

The review assessed all of our material environmental and social impacts, and benchmarked Davy's current performance versus best practice as defined by policy, law, and standards. This included measuring our energy consumption, Greenhouse Gas emissions, water, waste, procurement, and diversity performance, among others.

Based on this review, we developed a five-year roadmap, which is now in its first year of implementation.

While we are early stage in strategy execution, we are committed to continuous improvement in all aspects.

Risk Management

Davy is integrating ESG on a proportionate basis into its risk management framework and its approach to managing risks arising from ESG factors. This is principally manifesting itself in the central risk management processes noted below.

Separately, Davy is also focussed on ensuring compliance with the various ESG-related regulatory requirements and voluntary commitments e.g., the disclosure requirements required by the Sustainable Finance Disclosure Regulation.

Risk Management Framework

ESG is embedded in the overall risk management framework of Davy in adopting the approach to treat ESG as risk drivers of its enterprise risks.

This integrated approach requires an evaluation of the material risk to assess the key impact on its business operations and to translate that into potential, relevant risk appetite and risk policy statements.

Risk Appetite Statement

A well-developed risk appetite framework, articulated through the Risk Appetite Statement, is a cornerstone of a sound and effective Risk Management Framework, together with a strong risk culture and well-defined responsibilities for risk management and control functions.

Risk appetite is the nature and extent of risk that Davy is willing to take, accept, or tolerate in pursuit of its business objectives and achievement of its strategy as set by the Board.

The Risk Appetite Statement is an articulation of how Davy's appetite for and tolerance of risk will be expressed for each of its material risks. This comes in the form of worded (qualitative) statements about the nature and type of risk that Davy Group will assume, and (quantitative) limits that define and measure the range of acceptable risk.

Davy has codified initial ESG-related risk appetite positions and will continue to evolve this approach as the ESG risk management approach gets further embedded.

Additionally, Davy operates with a number of ESG-related Key Risk Indictors and Key Performance Indicators that tracks developments and performance, which will be further enhanced in tandem with the further embedding of ESG.

Enterprise Top Risk Assessment

Davy is conducting and maintaining periodic Enterprise Top Risk Assessments, which is a 'top-down' risk assessment that seeks to identify the key external and internal risks that can potentially pose a threat to the successful achievement of JED's Business Strategy, Objectives and/or Financial Planning outcomes.

This process and approach consider ESG risks in the identification, assessment, mitigation, governance, and reporting of the Enterprise Top Risks. Key considerations include the existing Enterprise Top Risk profile, local business unit risk profiles (arising from 'bottom-up' risk assessments), internal risk event history, key risks contained in JED's Risk Library, outputs from environmental scanning for emerging risks e.g., risk surveys, upstream regulatory change, industry and/or geo-political/climate risk events and local, unique risks pertaining to Davy Group entities.

ESG risks may be captured as stand-alone risks or more commonly be treated as so-called 'risk-drivers' of other risks such as operational risk or business strategic risks.

The Enterprise Top Risk profile is monitored and reported at least quarterly to relevant governance fora including the RCC.

The outputs of the Enterprise Top Risk Assessment help inform Risk Appetite setting, Business Strategy, Objectives and Financial Planning, Pillar 2 capital assessment and stress testing activities as well as the formulation of risk mitigation strategies and potential areas for policy development.

Risk Policies

As part of JED's further integration of ESG into its risk management processes, relevant Risk Policies are reviewed in the ordinary course of business to assess appropriate amendments to take account of JED's ESG strategy and risk profile.

Where ESG Risk factors are assessed to potentially impact on the risk profile of an enterprise risk or underlying risk, this will be appropriately reflected in the relevant risk policy. Typically, this includes identifying the ESG risks relevant to the risk type, capturing related risk mitigation standards and setting out the minimum standards to manage the risk in line with risk appetite and in compliance with regulation.

Compliance

Summary of key regulatory requirements, which Davy is subject to:

Davy complies with the EU Sustainable Finance Disclosure Regulation as illustrated by the separate disclosures accessible on the Davy website as follows:

- **Article 3:** Davy's policies on the Integration of Sustainability Risks in the Investment Decisionmaking Process.
- **Article 4 (1)(a):** Davy's due diligence policies with respect to the Principal Adverse Impacts of Investment Decisions on Sustainability.
- **Article 5:** Information on how Davy's Remuneration Policy is consistent with the integration of sustainability risks.

Further, Davy has published its Gender Pay Gap Report as required under the Gender Pay Gap Information Act 2021 and Davy is also compliant with the UK's Modern Slavery Act 2015 – both documents are available on JED's website.

Davy is subject to and operates within the EBA corporate governance requirements as set out in the Guidelines on internal governance under Directive (EU) 2019/2034.

10. Investment Policy

IFR requires comparable disclosures that should help stakeholders understand investment firms' influence over the companies in which they hold voting rights and the impact of investment firms' policies on aspects such as the governance or management of those companies. The guidance provides templates and tables for disclosure of information on an investment firm's voting behaviour, explanation of the votes, and the ratio of approved proposal, with the objective to show if the investment firm is an active shareholder that generally uses its voting rights and how it uses them. The disclosures also cover information on the use of proxy advisory firms that to help address uncertainties about potential conflicts of interest. Finally, they include information on investment firms' voting guidelines, including, when relevant, a breakdown by geographical zone, economic sector, or topic of the resolution being voted.

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**	**Legislative reference**
		Own funds	
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**	163	Sum formula
2	**Tier 1 capital**	163	Sum formula
3	**Common Equity Tier 1 capital**	163	Sum formula
4	Fully paid up capital instruments[1]	3	Template EU IF CC2 Equity Row 1 Column a + Template EU IF CC2 Equity Row 3 Column a
5	Share premium[1]	33	Template EU IF CC2 Equity Row 2 Column a
6	Retained earnings[1]	149	Template EU IF CC2 Equity Row 3 Column a
7	Accumulated other comprehensive income	1	Template EU IF CC2 Equity Row 3 Column a
10	Adjustments to CET1 due to prudential filters	0	Regulatory capital deduction
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER	(21)	Sum formula
17	(-) Losses for the current financial year	-	
18	(-) Goodwill	(1)	Template EU IF CC2 Assets Row 3 Column a
19	(-) Other intangible assets	(18)	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	(2)	Regulatory capital deduction

Notes

[1] Total capital resources comprise share capital, share premium and audited retained earnings as per the 2021 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	5	No difference in the firm's scope of accounting consolidation and regulatory consolidation	
2	Goodwill and Intangible assets	10	As above	Template EU IF CC1 Row 19 Column a Template EU IF CC1 Row 18 Column a
3	Leased right-of-use-assets	8	As above	
4	Other	4	As above	
	Trade and other non-current assets	**27**	As above	
5	Trade and other recievables	74	As above	
6	Financial assets at fair value through profit or loss	9	As above	
7	Other assets	15	As above	
8	Current tax and deferred tax assets	4	As above	
9	Cash and cash equivalents	101	As above	
	Total current assets	**203**	As above	
30/12/2022	**Total Assets**	**230**	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	5	As above	
3	**Total non-current liabilities**	**6**	As above	
4	Trade and other payabless, accruals and provisions	89	As above	
5	Lease Liabilities	2	As above	
6	Financial liabilities at fair value through profit or loss	3	As above	
7	Bank overdraft	3	As above	
	Total current liabilities	**97**	As above	
30/12/2022	**Total Liabilities**	**103**	As above	
Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements				
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	107	As above	Template EU IFCC1 Row 6 Column a
30/12/2022	**Total Shareholders' equity**	**127**	As above	

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

		Free text	K-factor requirement
		€'m	€'m
Rows	Item	0010	0020
0010	**Total k-factor requirement**	-	25.2
0020	Risk to client	-	24.0
0030	Assets under management	11,691.6	2.3
0040	Client money held - Segregated	3,598.8	14.4
0050	Client money held - non-segregated	-	-
0060	Assets safeguarded and administered	18,128.4	7.3
0070	Client orders handled - Cash trades	30.8	0.0
0080	Client orders handled - Derivatives trades	0.2	0.0
0090	Risk to market	-	0.9
0100	K-Net positions risk requirement	-	0.9
0110	Clearing margin given	-	-
0120	Risk to firm	-	0.3
0130	Trading counterparty default	-	0.2
0140	Daily trading flow - Cash trades	75.8	0.1
0150	Daily trading flow - Derivative trades	0.6	0.0
0160	K-Concentration risk requirement	-	-
0130	Trading counterparty default	-	-
0140	Daily trading flow - Cash trades	139	-
0150	Daily trading flow - Derivative trades	1	-
0160	K-Concentration risk requirement	-	-

Appendix 3 Remuneration Disclosures

Quantitative disclosures for MRT's

Remuneration	Number of Beneficiaries	Total Amount (€m)	Description
Fixed	37	8.03	Includes annual base salary, pension, and cash allowances

Components of Variable Remuneration awarded under IFD for performance year ending 30 December 2022		
Variable Remuneration	**Total Amount (€m)**	**Number of Beneficiaries**
2022 Year End Bonus Awards payable under IFD/IFR:	3.26	19
of which payable in January 2023	1.69	19
of which payable in deferred instruments. These deferred amounts will be released twelve months after the end of the applicable deferral periods i.e., in the period January 2024 to January 2027	1.57	16
2022 of which: other forms	0.03	28
Guaranteed Variable Remuneration	**Total Amount (€m)**	**Number of Beneficiaries**
Sign on bonuses	0.03	1
of which deferred	0	
Retention bonuses	3.9	18
of which deferred	0	

Deferred remuneration awarded for previous performance period, split into the amount due to vest in the financial year and the amount due to vest in subsequent years	N/A as Davy availed of CRD exemption previously N/A as Davy previously availed of an exemption, granted by the Central Bank, from the provisions of Regulation 82(l)(m) of S.I. No. 158/2014 European Union (Capital Requirements) Regulations 2014.
Deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments	N/A as Davy availed of CRD exemption previously N/A as Davy previously availed of an exemption granted by the Central Bank from the provisions of Regulation 82(l)(m) of S.I. No. 158/2014 European Union (Capital Requirements) Regulations 2014.

There was no severance pay awarded to any individual in previous years paid out in 2022, nor was there any severance pay awarded during the financial year 2022.

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