CONCORDE INVESTMENTS IRELAND

Risk Appetite Statement

Version	Created by	Description	Board approval date
V1	HoC	First version	2024
V2	HoC	Annual review	18/12/2025
V3	HoC	Annual review	16/04/2026

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1. Introduction

1.1 CII must have in place a Risk Appetite Statement (RAS) which sets the amount and type of risk that the Firm is willing to accept to achieve its objectives should it be required.

1.2 The purpose of the RAS is therefore to provide a clear statement of the level of risk in terms of capacity and tolerance which is acceptable to CII's Board based on the qualitative and quantitative metrics

1.3 Accordingly, the Risk Appetite Statement (RAS) sets out the Board mandated risk appetite.

1.4 The RAS sets broad parameters relating to Board expectations around performance, business sustainability and risk management.

2. Design of Risk Appetite for CII

2.1 CII's risk appetite is expressed on a scale from low (zero) to high, the amount and type of risk it is willing to accept in pursuit of its objectives.

2.2 The RAS is a key component of the Risk Management Framework, (RMF) aiming to provide a comprehensive description of the RA parameters.

2.3 The Key data required lies in the Key Risk Indicators and the Risk Register.

2.4 The RAS is an integral component of the Risk architecture of the Firm.

2.5 It is not a derivative of the Risk Register; it is more contingent in nature.

2.6 The RAS serves as an anchor and sets a maximum amount of risk CII is willing to accept. In the case where the assessment (by monitoring KRIs and the Risk Register) is such that the risks CII is facing are about the exceed the limit set by the RAS, the Board must be informed immediately.

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3. The Scale

The scale applied is consistent with the methodology applied within the Risk Register and is as follows:

High	A high-risk appetite means CII is willing to take risks in pursuit of its objectives, even if there is a high possibility of a deviation from expected outcomes, which can hardly be anticipated or mitigated with ad hoc controls. The organization accepts the possibility of the impact of residual risks remaining high if the potential benefits are expected to outweigh potential costs.
Medium	A medium risk appetite means CII is willing to take risks in pursuit of its objectives even if there might be a degree of uncertainty as to expected outcomes, but the potential benefits are greater than potential costs. The controls implemented to mitigate risks are expected to reduce the likelihood and/or the impact of residual risks, which can remain material, but below the high inherent level.
Medium Low	A medium low risk appetite means CII is willing to take a cautious approach to justified risks that are outweighed by moderate expected benefits. The controls implemented to mitigate the risks are expected to reduce the likelihood and/or the impact of residual risk to a reasonable level.
Low	A low-risk appetite means CII is willing to take a prudent risk management approach in the pursuit of its objective and is intentionally being conservative. The controls implemented to mitigate the risks are expected to reduce the likelihood and/or the impact of residual risk to a low level.
Zero	A zero-risk appetite means CII is willing to take an exceptionally disciplined risk management approach in the pursuit of its objective and deliberately prioritizes being conservative. The controls implemented to mitigate the risks are expected to reduce the likelihood and/or the impact of residual risk to the lowest feasible level.

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4. The relevant Risk areas

The relevant risk areas to be considered by the Board in terms of Capacity and Tolerance are stated below and are consistent with the overall risk architecture of CII, and the Risk Register, where these risks are defined in detail with explanation, probability and impact together with mitigants and residual risk after mitigation. The status and changes are monitored by the KRI's.

5. Strategic Risk Domains

	Strategic Risk Domains	Total Capital allocated for Risk Domains
1	Strategy/Business Risk	Medium
2	Operational Risks	Medium
3	Other Risks	Medium Low
4	Market related risks	Medium Low

Approach to Risk Domains

Risk domains are strategic components that are created by allocating relevant individual risk areas that share some similarity into one group, i.e. a Strategic Risk Domain. This reflects CII's assessment of the Strategic types of risks it faces, while it also facilitates a high-level overview of the total risk capital allocated to each Domains.

It is important to note that the color codes above reflect the **Total Capital allocated** for each of the Strategic Risk Domains in terms of regulatory capital requirements, (the ICARAP) and as such it does not reflect the Risk Appetite of CII. They reflect the sum of the risk exposures as set by the ICARAP and hence the total capital allocated for each of the Domains, accepting full correlation amongst the relevant risk areas. As a result, the above colors do not reflect CII's Risk Appetite for the Domain, but rather the capital allocated to them. The connection to Risk Appetite is that assuming perfect correlation (absolute worst-case scenario) if the individual risks as listed in the Risk Register all manifest the same time in full, CII would need the capital which has been set aside. Capital allocation therefore for the Domains can be and are usually higher than the Risk Appetite for them.

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6. Risk Appetite

1. Strategy/Business Risk		
Risk Appetite	**Medium**	

Risk Definition

Business risk is the threat that internal and external forces may converge to create an environment in which a firm is no longer viable

Approach to risk

CII is a matured start-up, characterized with a non-complex and limited business model. It broke even in 2023, 2025 being its 3rd consecutive year with profits. According to the Board CII business is now self-funding and sustainable.

CII has reached a level where resources are increased substantially compared to authorization to strengthen the infrastructure for further business growth. With the increased cost base CII will need to generate business growth to maintain or increase profitability, to keep the business commercially viable in the future.

CII implements tight cost control, and a phased non-complex business model growth, with proportionate resources, but these measures do not eliminate the risk. This is the field where CII is willing to accept reasonable risks to generate profits. To that end Business or Strategy Risk is assessed as the highest single risk CII faces and the Board sets a medium risk appetite for Strategy Risk.

2. Operational Risks		
Risk Appetite	**Medium Low**	
Finance	**Low**	
AML	**Low**	
Outsourcings	**Low**	
IT	**Medium Low**	
Procedures	**Medium Low**	

Risk Definition

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. CII has identified sub risks, Finance, AML, Outsourcings, IT and Procedures which represent distinct risks but all fall into the Operational domain as they occur during the day-to-day operations of the Firm.

Approach to risk

CII has strong compliance and risk functions. It applies 4-eye principles throughout its front-line operational functions with defined segregation of duties.

It has PCF functions at a proportionate level and independent control functions commensurate to its size.

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It applies budgeting, capital monitoring at management and board level, and reporting accordingly.

It also relies on outsourcings that are tightly controlled with regular monitoring and SLAs. It has detailed policies and follows all industry guidelines like CP138 and 140. CII avails of an internal audit which is not a required function for a firm of CII's scale.

Overall, there is a strong control environment, all designed to reduce risk to the lowest reasonable level which does not prevent ongoing operations.

CII accepts reasonable risk for these individual risk items and the Board sets a medium low risk appetite for each of the individual risks of Finance, AML, Outsourcing, IT, and Procedures. The overall Risk Appetite for Operational Risks is set medium low.

3) Other Risks

Risk Appetite	**Medium Low**	
HR	**Low**	
Governance	**Medium Low**	
Reputation	**Low**	
ESG	**Low**	

Risk Definition

The Other Risks domain includes risks, that are not categorized into the other domains but still identified as individual risk factors. In a wayy, these all relate to the general conduct of business of CII with Governance in the center place. CII identified sub risks: HR, Governance, Reputation and ESG which represent distinct risks, falling into the Other Risks domain. Failure in the overall conduct and governance of the Firm can lead to losses.

Approach to risk

CII has a strong compliance and risk culture. This also applies to the Other Risk domain and starts with the Board which is the final responsible for the Business. CBI's Corporate Governance rules are the cornerstone under which the Board operates with segregation of duties and balancing power proportionate to the nature, scale and complexity of the business model. This is filtering down to the management level which reports to the Board. Strong compliance culture, policy house, assurance testing, regular board reporting and monitoring are key. Also, resources are monitored on a continuous basis. Overall, these measures are designed to reduce risk to the lowest reasonable level. CII aims to take reasonable risk for each of these individual risk items and the Board sets a medium low risk appetite for each of the individual risks of HR, Governance, Reputation and ESG. The overall Risk Appetite for Other Risks is set medium low.

4) Market related risks

Risk Appetite	**Medium Low**	
Credit	**Low**	

Concentration	**Medium Low**	
Interest rate	**Medium Low**	
Market	**Medium Low**	
Liquidity	**Low**	
Insurance	**Low**	
Pension	**Low**	
Residual	**Low**	
Securitization	**Zero**	

Risk Definition

The Market-related Risks domain includes risks that are, to variable extent, related to the overall performance of markets. Market risk refers to the risk of exposure or losses arising from adverse movements in market prices for positions. These risks vary on a broad scale and are as follows: Credit, Concentration, Interest rate, general market, Liquidity, Insurance, Pension, Residual and Securitization. Failure in the overall conduct and governance of the Firm can lead to

Approach to risk

CII has a non-complex business model and Authorization consistent with that business model. The non-complex business model and the limited scope of licenses reduce CII's exposure to market risk. Beyond that CII implements measures to keep market-related risk at the lowest minimum, like having in place a letter of comfort from the regulated shareholder in case of extreme scenarios. Being an investment firm however exposes the Firm to a certain amount of risk that cannot be eliminated. CII aims to take reasonable risks for these individual risk items, and the Board sets a medium low risk appetite for each of the individual risks of Credit, Concentration and Interest rate. For the rest, the risk appetite is Low or Zero. The overall Risk Appetite for Market Risks is set medium low to low.

7. Overall/Strategic Risk Appetite

Based on the above, the Overall or Strategic Risk Appetite for CII is considered by the Board as **Medium Low.**

April 2026