

Wise Assets Europe AS

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EFSA licence no. 4.1-1/174
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Wise Assets Europe AS disclosures based on Part Six of Regulation (EU) 2019/2033 Of The European Parliament And Of The Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 regarding the financial year ending 31 March 2025.

I. Risk management objectives and policies (EU 2019/2033 Art 47)

The objectives of Wise Assets Europe AS (from hereon "Wise Assets Europe" or "the Firm") Risk management program are:

1. To ensure the Firm maintains a risk management focus in order to mitigate the risks of harm to its customers, the Firm and the industry in general.
2. Establish and maintain risk appetite metrics, in line with our mission. The risk appetite metrics indicate the nature, type and desired level of risk that the Firm is willing to accept.
3. Establish risk management practices and processes by providing a clear and easy to use toolkit and process to identify, assess, manage and report on risks and ensure the completion of an annual company wide risk assessment.
4. Establish appropriate policies and procedures to ensure risk management practices are implemented.

Own Funds Risk

Own Funds risk is the risk that Wise Assets Europe has an insufficient level or composition of Own Funds to support its normal business activities and to meet its regulatory Own Funds requirements, both under normal operating environments and stressed conditions.

The Firm's Own Funds are composed of ordinary share capital, other reserves, and retained earnings.

The Firm's objectives when managing own funds risk are to:

- Adhere to regulatory requirements;
- Safeguard the Firms's ability to continue as a going concern, so that the Firm can continue to provide returns for shareholders and benefits for other stakeholders;
- Maintain an optimal capital structure to reduce the cost of capital; and
- Fund an orderly wind-down in a reverse stress scenario.

Wise Assets Europe has set risk limits and reporting requirements for monitoring its Own Funds requirement.

Concentration Risk

Concentration risk arises when the Firm deposits client or corporate funds with any one singular institution, or a group of connected institutions. It is the risk that there are potential losses large enough to question the Firm's ability to continue as a solvent entity and/or to undertake essential business activities.

Wise Assets Europe manages concentration risk by diversifying exposures to counterparties as much as practical. Thorough due diligence takes place when onboarding all new third parties, with periodic reviews to ensure key partners remain financially stable.

Summary

As part of the Wise Assets Europe Risk Management Framework, we have established policies and procedures which are clearly and consistently formulated, documented, communicated to teams and include their roles, responsibilities and formal reporting structures for the management of any given material risk in the company.

Ultimately, the Management Board is responsible for considering and approving most policies, which are reviewed and approved at least annually.

II. Information regarding internal governance arrangements (EU 2019/2033 Art 48)

Wise Assets Europe is committed to maintaining a management structure based on the principle that functions are clearly separated and independent of each other, ensuring mutual control at different levels and responsibilities.

The number of directorships held by members of the boards of Wise Assets Europe is three (3) Management Board members and three (3) Supervisory Board members which is appropriate and proportional considering the size and structure of the Firm. One member of the Supervisory Board is a Non-Executive Director.

The following 3 board members have external directorships.

- Tõnu Pekk (Non-executive Director) (4)
- Lars Trunin (1)
- Kristo Käärman (2) - ceased 22 October 2024

All remaining board members on both the Management and Supervisory Boards have no external directorships.

Wise Assets Europe has established a Suitability Assessment Procedure, wherein the Firm ensures that, in regards to the selection of members of the Management and Supervisory Boards, the necessary knowledge, education, skills, experience, professional qualifications are required to the positions. Members of the Management and Supervisory Boards have been selected based on their professional expertise and with the aim of ensuring diversity in relevant domains knowledge is covered by the selected members.

In addition, the collective suitability of the members of both the Management and Supervisory Boards are also assessed and documented annually.

By undertaking this action, Wise Assets Europe has put in place a robust governance framework ensuring the Firm is managed in a sustainable manner.

The Firm does not have a separate Risk Committee, however Compliance and Risk functions have been established, which provide regular updates to both Boards. The Management Board

has also appointed an Outsourced Risk Officer, who is an employee of the Wise Group.

III. Information regarding remuneration policy and practices (EU 2019/2033 Art 51)

The Firm's principles relating to remuneration are part of the Wise Group Remuneration Policy, which has been designed to attract, retain, and motivate world-class talent in order to deliver our mission and long term sustainable success.

The Wise Group remuneration principles are applicable to all Group entities, including Wise Assets Europe, and aim to ensure that the reward packages for all employees (both executives and across entities of the Group) support our long term goals, align Wisers with shareholder interests, are compliant with regulatory requirements, and are market competitive. Regular market benchmarking is undertaken to support this objective in line with the Wise Group. Wise Assets Europe does not offer any variable remuneration in the form of cash. All variable remuneration relates to share-based compensation.

The firm has three employees who received total compensation of 305,628 EUR in the financial year ending 31st March 2025, of which 256,423 EUR consisted of fixed base remuneration and 49,205 EUR consisted of variable remuneration in the form of share-based payments. No deferred compensation or termination benefits were granted or paid during the year. Non-Executive Director fees totalled 2,951 EUR for the period. No further Management and Supervisory Board members received any compensation over the period.

The Firm benefits from the derogation indicated in Directive (EU 2019/2034 Art 32 (4)), due to meeting the requirements of both:

- point a; the average value of on and off-balance sheet assets, over the four year period immediately preceding the given financial year, totalling less than 100m EUR; and
- point b; there is no individual annual variable remuneration to exceed 50,000 EUR.

Information regarding the Group policy and practices can be found in: "2025 MIFIDPRU 8 Disclosures" <https://wise.com/imaginary-v2/images/9dd49904dd00b61a8ef501bd82fd6754-2025MIFIDPRU8Disclosures.pdf> on: <https://wise.com/owners/results-reports-presentations>.

IV. Information regarding Own Funds (EU 2019/2033 Art 49)

The Firm is required to have own funds that satisfy all the following requirements, at all times:

$$\frac{\text{Common Equity Tier 1 capital}}{D} \geq 56 \%$$

$$\frac{\text{Common Equity Tier 1 capital} + \text{Additional Tier 1 capital}}{D} \geq 75 \%$$

$$\frac{\text{Common Equity Tier 1 capital} + \text{Additional Tier 1 capital} + \text{Tier 2 capital}}{D} \geq 100 \%$$

where:

D being the highest of the three:

- a) permanent minimum capital as defined by EU 2019/2033 Art 14 (150 000 EUR for investment firm services);
- b) Fixed overhead requirement as defined by EU 2019/2033 Art 13;
- c) K-factor requirement as calculated in accordance with EU 2019/2033 Art 15.

With Eligible Capital only composed by CET1, all the above criteria are met at all times and forecasted to be fulfilled in the future.

V. Information regarding Own Funds Requirements (EU 2019/2033 Art 50)

Wise Assets Europe is a Class 2 firm as it is not a Small and Non-Interconnected firm and is hence subject to a variable own funds requirement according to EU 2019/2033 Art 11 that is the highest of:

- (1) Its permanent minimum capital requirement, which under EU 2019/2033 is set as EUR 150,000;

Or

- (2) Its fixed overheads requirement ("**FOR**") under EU 2019/2033 Art 13. FOR is equal to one quarter of the firm's relevant expenditure during the preceding year according to audited financial statements.

Or

- (3) Its K-Factor Requirement ("**KFR**") under EU 2019/2033 Art 15. The Firm has assessed all K-factors and has deemed applicable to the Firm only the following:
- (a) **K- Assets Safeguarded and Administered (K-ASA)**,
 - (b) **K- Net Position Risk (K-NPR)** and
 - (c) **K- Client Orders Handled (K-COH)**.

The Firm FOR results from the accounting framework ("**IFRS**") used by the Firm and the most recent annual financial statements. It is equal to one quarter of the firm's relevant expenditure. Wise Assets Europe relevant expenditure has materially changed during the year, following strong growth of the Assets product. As such FOR is now calculated on projected relevant expenditure for the current year basis. As at 31 March 2025, audited 31 March 2025 FOR has been used.

The table below provides details of the K-factors that are applicable to the Firm as at 31 March 2025.

	2025	2024
	€	€
Sum of K-AUM, K-CMH and K-ASA	408,031	103,730
Sum of K-COH, K-DTF	20,432	8251
Sum of K-NPR, K-CMG, K-TCD and K-CON	123,069	5,774
K-Factor Requirement	551,532	117,755

The Firm has assessed the above K-Factor requirement to apply against all three categories of harms: Risks to the Market ("**RtM**"), Risks to Firm ("**RtF**") and Risks to the Customer ("**RtC**").

The table below provides the Own Funds Requirement calculation for the Firm as of 31 March 2025.

	2025	2024
	€	€
Capital Requirement		
Highest of:		
Permanent Minimum Requirement	150,000	150,000
K-Factor Requirement	551,532	117,755
Fixed Overhead Requirement	715,866	266,199
Own Funds Requirement	715,866	266,199
Eligible Capital Available	1,574,142	851,027
Excess Eligible Capital over Own Funds Requirement	219.9%	319.7%

The Firm has controls in place to monitor that it holds adequate own funds to:

- a. Remain viable throughout the economic cycle, with the ability to address any material potential harm that may result from its ongoing activities; and
- b. That its business can be wound down in an orderly manner, minimizing harm to consumers or to other market participants.

The Firm did not opt for any transitional provisions and tables below describe the Own Funds structure and provide a reconciliation to amounts reported in the Annual Report.

		(a)	(b)
		Amount (€)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
Common Equity Tier 1 (CET1) Capital: Instruments and reserves			
1	OWN FUNDS	1,574,142	
2	Tier 1 CAPITAL	1,574,142	
3	COMMON EQUITY TIER 1 CAPITAL	1,574,142	
4	Fully paid up capital instruments	150,000	d
5	Share premium	0	
6	Retained earnings	90,467	f
7	Accumulated other comprehensive income	0	
8	Other reserves	1,333,675	e,f
9	Minority interest given recognition in CET1 capital	0	
10	Adjustments to CET1 due to prudential filters	0	
11	Other funds	0	
12	{-}TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	0	
13	{-}Own CET1 Instruments	0	
14	{-}Direct holdings of CET1 instruments	0	
15	{-}Indirect holdings of CET1 instruments	0	
16	{-}Synthetic holdings of CET1 instruments	0	
17	{-}Losses for the current financial year	0	
18	{-}Goodwill	0	
19	{-}Other intangible assets	0	
20	{-}Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	0	
21	{-}Qualifying holdings outside the financial sector which exceeds 15% of own funds	0	
22	{-}Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	0	
23	{-}CET1 instruments of financial sector entities where the institution does not have a significant investment	0	
24	{-}CET1 instruments of financial sector entities where the institution has a significant investment	0	

25	{-}Defined benefit pension fund assets	0	
26	{-}Other deductions	0	
27	CET1: Other capital elements, deductions, and adjustments	0	
28	ADDITIONAL TIER 1 CAPITAL	0	
29	Fully paid up, direct issued capital instruments	0	
30	Share premium	0	
31	{-}TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	
32	{-}Own AT1 Instruments	0	
33	{-}Direct holdings of AT1 Instruments	0	
34	{-}Indirect holdings of AT1 Instruments	0	
35	{-}Synthetic holdings of AT1 Instruments	0	
36	{-}AT1 Instruments of financial sector entities where the institution does not have a significant investment	0	
37	{-}AT1 Instruments of financial sector entities where the institution has a significant investment	0	
38	{-}Other deductions	0	
39	Additional Tier 1: Other capital, deductions, and adjustments	0	
40	TIER 2 CAPITAL	0	
41	Fully paid up, directly issued capital instruments	0	
42	Share premium	0	
43	{-}TOTAL DEDUCTIONS FROM TIER 2	0	
44	{-}Own T2 Instruments	0	
45	{-}Direct holdings of T2 Instruments	0	
46	{-}Indirect holdings of T2 Instruments	0	
47	{-}Synthetic holdings of T2 Instruments	0	
48	{-}T2 Instruments of financial sector entities where the institution does not have a significant investment	0	
49	{-}T2 Instruments of financial sector entities where the institution has a significant investment	0	
50	Tier 2: Other capital elements, deductions and adjustments	0	

		a	c
		Balance sheet as in audited financial statements (at period end)	Cross reference to EU IF CC1
Assets			
a	Current Assets	10,492,261	
b	Fixed Assets	-	
	Total Assets	10,492,261	
Liabilities			
c	Current Liabilities	8,918,119	
	Total Liabilities	8,918,119	

Shareholders Equity			
d	Share Capital	150,000	4
e	Voluntary Reserve	1,215,000	8
f	Other Reserves	209,142	6,8
	Total Shareholders Equity	1,574,142	