



## IFR Disclosure 2023

## EXECUTIVE SUMMARY

In 2023, Birdee's capital and liquidity exceeded the respective minimum requirements:

Own Funds Requirement	2023 K€
Permanent minimum capital requirement	75
Fixed overhead requirement	510
K-Factor requirement	85
<b>Own funds requirement (highest of the above)</b>	<b>510</b>

Capital	2023 K€	2022 K€
Tier 1	530	396
<i>Capital</i>	125	125
<i>Share premium</i>	13.662	11.062
<i>Retained earnings</i>	(11.515)	(8.891)
<i>Intangible assets</i>	(1.742)	(1.900)
Tier 2	-	-
<b>Own funds</b>	<b>530</b>	<b>396</b>

Liquidity Requirement	2023 K€
Own funds requirement	510
<b>Own liquidity requirement (33% of the above)</b>	<b>170</b>
<b>Own liquidities (Core Liquid Assets excluding receivables from Trade Debtors)</b>	<b>720</b>

Today, Birdee's risk management processes are adapted to the size of the Firm and to the financial resources managed, following the principle of proportionality as prescribed by the Regulator.

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# 1. INTRODUCTION

Birdee is a Class-2 investment firm<sup>1</sup> (IF) as defined under Article 12 of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms (IFR). Article 46 of IFR requires Class-2 investment firms (IF) to annually and publicly disclose information on their prudential requirements, as described under Part Six of IFR. The purpose of this document is to disclose Birdee's (the "Firm" / the "Company") information for the year 2023, data as at December 31<sup>st</sup> 2023.

Created in March 2017, Birdee obtained in May 2017, the status of Professional of the Financial Sector (PFS) as Investment Firm (IF) permitting the provision of investment and ancillary services to its customer according to the articles 24, 24-1, 24-2 and 24-3 of the amended Law of 5 April 1993 on the financial sector (LFS).

Furthermore, Birdee is also licensed by the Commissariat aux Assurances (CAA) as a life insurance broker since end of 2019.

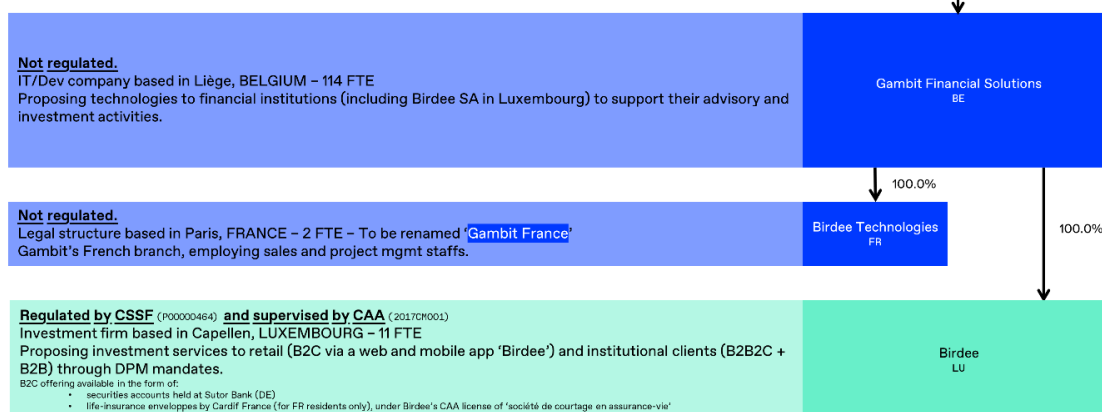
The primary activity and business offering of Birdee is the provision of portfolio management services to both internal and external clients, and both retail and institutional clients.

## SHAREHOLDING STRUCTURE

Ultimately, Birdee is a wholly owned subsidiary of the French holding company BNP Paribas Asset Management Holding S.A.: Gambit Financial Solutions (Belgium) owns 100% of Birdee's shares and BNP Paribas Asset Management Holding owns 100% of Gambit Financial Solutions' shares.

### → BIRDEE SHAREHOLDING

#### → Fields of activity



<sup>1</sup> Class-2 investment firms are investment firms that do not meet the conditions for qualifying as small and non-interconnected investment firms set out in Article 12(1) of (EU) 2019/2033.

## 2. GOVERNANCE

A) Composition of Birdee’s Board of Directors (BoD) and Authorised Management as at 31/12/2023:

**Board of Directors (BoD)**

Name	Position	Directorships (excl. Birdee’s)
Laurent Bodson	Non-executive Director (Chairman)	<ul style="list-style-type: none"> <li>➤ CEO, Gambit Financial Solutions, Belgium</li> <li>➤ Affiliate Professor at HEC-Liège, Belgium</li> </ul>
Gaël Minon	Executive Director (CEO)	None
Sylvie Bajot	Non-executive Director	<ul style="list-style-type: none"> <li>➤ Director, Fundquest Advisor Paris</li> <li>➤ Director, BNP Paribas Insticash, UCITS, Luxembourg</li> <li>➤ Director, BNP Paribas Plan, UCITS, Luxembourg</li> <li>➤ Director, Association of the Luxembourg Fund Industry (ALFI), Luxembourg</li> </ul>
Caroline Delozière	Non-executive Director	None

**Authorised Management**

Name	Position	Directorships (excl. Birdee’s)
Gaël Minon	Conducting Officer, CEO	None
Youri Clobus	Conducting Officer, CRO	None

B) The “Corporate Governance Policy for BNPP Group entities” (the “Corporate Governance Policy”) and the “BNPP AM Board Selection and Assessment of Suitability Policy” (the “Board Selection and Assessment of Suitability Policy”), as revised from time to time, detail the process for selecting and appointing (or re-appointing) members of the Board, as well as the criteria to be applied.

The identification, selection and assessment of candidates and members of the Board and Authorised Management follows BNP Paribas Group guidelines and takes accounts for:

- I. Specific suitability criteria (collective and individual Fit and Proper), as listed below, so that the profile of the candidate/member of the Supervisory Function (i.e. the BoD of the Company) and Management (i.e. the Authorised Management of the Company) is and remains in line with the activities of Birdee:

- ✓ **Experience and knowledge:** members shall have an up-to-date understanding of the business of the Company and its risks including those related to AML/CFT and ESG topics, as well as a clear understanding of the Company's governance arrangements, their respective role and responsibilities, and of the Group structure.
  - ✓ **Reputation, honesty and integrity:** members shall be of good repute at any time including as regards AML/CFT related topics.
  - ✓ **Time commitment and number of directorships:** members shall commit sufficient time to perform their functions, including in periods of particularly increased activity. Each member shall communicate to Birdee the list of the directorships held in other companies on an ongoing basis. None of the members should hold more than ten directorships, even counting each intra-group directorship and regardless of the form of the entity.
  - ✓ **Independence of mind:** written process to be put in place to ensure that the member of the Supervisory Function abstains from voting, and if necessary from participating, on any matter where that member has a conflict of interest.
  - ✓ **Collective suitability:** members of the Supervisory Function on the one hand, and members of the Management Function, on the other hand, shall be collectively able to understand the Company's activities, including the main risks (those related to business model, risk appetite, strategy and markets, AML/CFT and ESG topics, information technology and security) – together they should cover all Company's activities.
  - ✓ **The Chairman of the Supervisory Function shall not exercise simultaneously the functions of CEO of the Company.**
- II. The Diversity Policy of the Supervisory and Management Functions:**
- ✓ List of diversity aspects to be considered in the overall composition: gender balance, educational and professional backgrounds (including AML/CFT and ESG topics), age, geographical provenance/nationality.
  - ✓ The Company shall set an objective to achieve with respect to the balanced representation of women and men in the Supervisory Function.
  - ✓ In accordance with the Corporate Governance Policy and the Board Selection and Assessment of Suitability Policy, the BoD of the Company will need to comprise at least 40% of the under-represented gender by the end of 2026.
- III. The Induction<sup>2</sup> and Training<sup>3</sup> Policy of the Supervisory and Management Functions.**
- ✓ A process regarding induction and training is defined so that members of the Supervisory and Management Functions shall at all time have knowledge in line with the duties to be performed.

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<sup>2</sup> Induction : any initiative or program to prepare a person for a specific new position as a member

<sup>3</sup> Training : any initiative or program to improve the skills, knowledge or competence on an ongoing or ad-hoc basis. Trainings shall regularly cover AML/CFT and ESG topics.

**The assessment of the criteria, as well as the monitoring of the Diversity, Induction and Training policies are carried-out on an on-going basis.**

**The purpose of these requirements is to ensure that each member has the necessary honorability and experience to carry out the duties entrusted to him or her and is able to make an objective and independent judgement in the interests of the Company, after considering all available information and opinions, and free from any outside influence. In accordance with the relevant legal and regulatory requirements, the Company ensures that the BoD collectively has, at all times, adequate knowledge, skills and experience to be able to understand the Company's business, including the principal risks to which it is exposed.**

- C) In accordance with the principles of proportionality, Birdee has not set up a risk committee.**

### **3. RISK MANAGEMENT OBJECTIVES AND POLICIES**

Birdee's risk management follows BNP Paribas' framework. The risk management policy, its application and the resulting processes are based on the BNP Paribas Asset Management (BNPP AM) and BNP Paribas Group's policies in this area<sup>4</sup>, and comply with regulatory standards.

Birdee's risk management process allows the identification, assessment, management, controlling and reporting to Birdee's Management and BoD on the risks to which the Firm is exposed, or could be exposed.

Birdee's risk management and control is essentially founded on:

- The identification and assessment of the inherent risks to which Birdee is exposed, taking consideration of the Firm's activities, objectives and contextual idiosyncrasies;
- The definition of policies applicable to Birdee towards these identified risks by the Firm's BoD;
- The application of these policies through a dedicated procedural framework, designed and maintained by each affected department;
- The permanent control of the identified risks through Birdee's risk management;
- The internal audit;
- The deployment and maintenance of adequate information and communication systems/channels;
- The annual review of Birdee's Internal Capital and Risk Assessment (ICARA), as required by IFD/IFR, and formal documentation, presentation and validation of the ICARA by Birdee's BoD.

Birdee's risk management approach starts with a self-assessment of the risks inherent in the Company's activities. Under the responsibility of the BoD, the Management constitutes an exhaustive inventory of the inherent risks of Birdee's activities. These risks are then qualified according to two criteria: the probability of the risk occurring and its severity. The measures adopted to manage these risks and the nature of the internal controls deployed are determined in order to minimize the residual risks incurred by the Company.

Such a self-assessment is formally carried out once a year. At each self-assessment, the effectiveness of the risk management and internal control measures is reassessed and, if necessary, the BoD adapts the risk management and internal control measures.

**Main risks monitored by Birdee:**

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<sup>4</sup> Including, but not limited to :

- DG0020 "Internal Control Charter"
- DG0018 "Compliance Function Charter"
- DG0024 "Legal Function Charter"
- RISK0327 "Organisational Framework and Governance for Operational Risk Management and Permanent Control"
- RISK0324 "Operational Risk Management Policy"
- RISK0401 "Second Line of Defence's Roles and Responsibilities as per the Operational Risk Management Framework"



**Birdee's Directors are determined to focus risk appetite on business development and the development of assets under management. Birdee's culture is also to minimise exposure to other risks associated with the business.**

**a. Credit and concentration risks**

**The credit risk to which Birdee is exposed results from the management of its own financial resources. Birdee's financial resources consists mainly in cash deposited on current accounts at BGL BNP Paribas (S&P A+ ; Fitch AA- ; Moody's Aa3). Birdee's investments account for less than EUR 30.000 (Birdee's own investment portfolios used for performance tracking). These portfolios are exclusively invested in €-denominated UCITS ETFs, deposited at Sutor Bank GmbH. As such, Birdee does not incur any material exposure to credit or concentration risks.**

**b. Market risk**

**Birdee limits its exposure to market risks (price, interest rate, exchange rate) by maintaining at least the equivalent of the estimated internal capital required under IFD/IFR in the form of current accounts with limited credit risk and denominated in euros. The Company reserves the right to invest part of its equity in excess of its estimated internal capital in shares of €-denominated UCITS ETFs (less than EUR 30.000). As such, Birdee does not incur any material exposure to market risk.**

**c. Liquidity risk**

**Birdee is financed solely by equity provided by its reference shareholder, Gambit Financial Solutions. In this context, its liabilities are limited to its operating expenses, which represent only a fraction of its balance sheet and are all due in the short term. In order to ensure a match between the use of its assets and the maturity of its liabilities, the Company has at all times sight or short-term financial assets representing at least one quarter of the fixed overheads of the previous financial year as required under Article 13 of Regulation (EU) 2019/2033.**

## **4. OWN FUNDS REQUIREMENTS**

Under its status of Class-2 Investment Firm under IFR, Birdee has the obligation to respect regulatory common capital ratios.

These ratios are monitored quarterly through Class-2 IFR reporting – Pillar I, as issued by the European Banking Authority (EBA) for the IF reporting. The reporting covers the risks incurred by the IF in its operations, such as market risk, credit risk and operational risk. Classification to which the IF belongs drives the way the own funds capital requirements are calculated.

For Birdee (Class-2 Investment Firm), the own funds capital requirements shall equal at minimum the highest of:

- its permanent minimum capital requirement;
- its requirement based on k-factor measures;
- 25% of its fixed overheads over the previous year.

Birdee is required to conduct a quarterly ‘k-factor’ risk assessment to determine its capital requirements. The k-factors are divided into three groups of risk factors: risk to client, risk to market and risk to firm.

*The following ratios shall be respected for Birdee:*

- CET1 Capital Ratio = Common Equity Tier 1 / 25% of fixed overheads  $\geq$  56%
- Tier 1 Capital Ratio = Tier 1 capital / 75% of fixed overheads  $\geq$  75%
- Total Capital Ratio (Tier 1 and Tier 2) = Total capital (Tier 1 + Tier 2) / 25% of fixed overheads  $\geq$  100%

In 2023, all IFD/IFR reports have been properly processed and sent to the Regulator. Birdee respected the various required ratios.

More generally, the capital adequacy has been calculated as of end of 2023, and also for end of years 2024-2028 based projections. The capital adequacy calculations respect all regulatory ratios.

The below table summarizes the evaluation of capital ratio adequacy as at 31/12/2023, based on audited and published figures. In this respect, an amended IFR report taking into account these latest published figures has been sent to the CSSF for processing.

Own Funds Requirement	2023 K€
Permanent minimum capital requirement	75
Fixed overhead requirement	510
K-Factor requirement	31
<b>Own funds requirement (highest of the above)</b>	<b>510</b>

## PERMANENT MINIMUM CAPITAL REQUIREMENT

Birdee's permanent minimum capital requirement is 75 K€, as outlined in IFD/IFR as:

- The only investment services and/or activities that Birdee has permission to carry on are portfolio management and investment advice;
- Birdee is not permitted to hold client money or client assets, and
- Birdee is not appointed to act as a Fund depositary.

## FIXED OVERHEAD REQUIREMENT (FOR)

An IFD/IFR Firm must calculate a FOR that is equal to one quarter of relevant expenditure over the previous year. For the purpose of the FOR, relevant expenditure is the amount described as total expenditure before distribution of profits over the previous year's audited annual accounts, minus certain expenditure of a variable, discretionary or non-recurring nature. Birdee defines relevant expenditure according to guidance outlined in IFD/IFR. The below table summarizes the calculation of FOR for 2023:

Category	2022 M€
Total Expenditure	2,8
Minus : Deductions	(0,8)
Relevant Expenditures (RE)	2,0
Fixed Overhead Requirement (25% * RE) 2023	0,5

## K-FACTORS REQUIREMENT

K-factors are a series of quantitative risk indicators that represent the specific risks investment firms face, and the risk the firm can pose to customers and to the market.

As a non-SNI Firm, Birdee calculates its K-factor requirements according to the rules and guidance set out by IFD/IFR. The K-factor requirement is the sum of each of the following applicable requirements of Birdee, listed in the below table:

K-Factor	2023 K€	K-factor requirements basis
<b>Risk-to-Client (RtC)</b>		
K-AuM (Assets under management)	27	0,02% of Birdee's average AuM of 134M€
K-CMH (Client money held)	0,0	Birdee does not hold client money.
K-ASA (Assets safeguarded and administered)	5	0,04% of Birdee's safeguard and administer assets of 12M€.
K-COH (Client orders handled)	0,0	Birdee does not have a dealing desk & does not handle client orders.
<b>Risk-to-Market (RtM)</b>		
K-NPR (Net position risk)	0,0	Birdee does not deal on its own account.
K-CMG (Clearing margin given)	0,0	Birdee does not deal on its own account.
<b>Risk-to-Firm (RtF)</b>		
K-TCD (Trading counterparty default)	0,0	Birdee does not deal on its own account.
K-DTF (Daily trading flow)	0,0	Birdee does not deal on its own account.
K-CON (Concentration risk)	0,0	Birdee does not deal on its own account.
<b>Sum of K-factors requirements</b>	<b>31</b>	

## FINANCIALS

As at 31/12/2023, the subscribed capital of Birdee is EUR 125.000, representing 100% of 125.000 ordinary shares, with a respective nominal value of EUR 1 each, and is totally paid up. As at 31/12/2023, a portion of share premiums have been released since the creation of Birdee for a total of EUR 13.661.657,07 (in 2022: EUR 11.061.657,07).

This increase in equity is explained by the contributions to the “Account 115” without issues of shares account. There were 4 increases during the year 2023, distributed as follows:

- 27/03/2023 EUR 900.000;
- 30/06/2023 EUR 500.000;
- 28/09/2023 EUR 700.000 ;
- 28/12/2022 EUR 500.000.

Birdee's ultimate shareholder, BNP Paribas Asset Management, confirmed on 26 March 2024 its unconditional and irrevocable financial support for the continuation of activities with a view to continuity for a minimum of 12 months.

The owner of current and forecast financial processes is the Head of Finance.

Birdee's P&L as at 31 December 2023:

P&L		
	2023	2022
1. Gross profit of loss	(99.002 €)	(71.533 €)
6. Staff costs	(1.150.805 €)	(952.307 €)
7. Depreciation	(711.372 €)	(449.121 €)
8. Other operating expenses	(654.002 €)	(469.544 €)
10. Income from other investments and loans forming part of the fixed assets	525 €	687 €
11. Other interest receivable and similar income	446 €	144 €
13. Value adjustments financial assets		
14. Interests payable and similar expenses	(66 €)	(6.005 €)
17. Other taxes	(9.760 €)	(9.764 €)
<b>Loss for the financial year</b>	<b>(2.624.035 €)</b>	<b>(1.957.443 €)</b>

**Birdee's balance sheet as at 31 December 2023:**

<b>ASSETS</b>		
	2023	2022
B. Formation expenses	0 €	0 €
C. Fixed assets	1.766.289 €	1.934.281 €
<i>I. Intangible assets</i>	1.742.267 €	1.900.090 €
<i>II. Tangible assets</i>	4.193 €	14.666 €
<i>III. Financial assets</i>	19.829 €	19.525 €
D. Current assets	1.232.350 €	1.156.688 €
<i>II. Debtors</i>	489.314 €	377.319 €
<i>III. Investments</i>	22.548 €	21.261 €
<i>IV. Cash at bank</i>	720.487 €	758.109 €
E. Prepayments	19.026 €	142.656 €
<b>TOTAL</b>	<b>3.017.665 €</b>	<b>3.233.626 €</b>

<b>CAPITAL, RESERVES AND LIABILITIES</b>		
	2023	2022
A. Capital and reserves	2.271.931 €	2.295.966 €
<i>I. Subscribed capital</i>	125.000 €	125.000 €
<i>II. Share premium account</i>	13.661.657 €	11.061.657 €
<i>V. Loss brought forward</i>	(8.890.691 €)	(6.933.249 €)
<i>VI. Loss for the financial year</i>	(2.624.035 €)	(1.957.443 €)
B. Provisions	10.415 €	17.697 €
C. Creditors	735.319 €	628.549 €
D. Deferred income		291.414 €
<b>TOTAL</b>	<b>3.017.665 €</b>	<b>3.233.626 €</b>

**OWN FUNDS HELD AS AT 31 DECEMBER 2023**

Birdee own funds are comprised of common equity Tier 1 capital. The Firm does not have any additional Tier 1 capital or any Tier 2 capital.

Common equity Tier 1 capital includes permanent share capital, share premium and retained earnings. Intangible assets are deducted from common equity Tier 1 capital to determine total Tier 1 Capital.

The Firm's own funds, at all times, satisfies the conditions under IFD/IFR to be equal or greater than 100% of its Own Funds Requirement.

Own funds held as at 31 December 2023 are set out in the table below:

<b>Capital requirements</b>	<b>2023</b>	<b>2022</b>
<b>Tier 1</b>	<b>530K€</b>	<b>396K€</b>
<b>Capital</b>	<b>125 K€</b>	<b>125K€</b>
<b>Share premium</b>	<b>13.662 K€</b>	<b>11.062K€</b>
<b>Retained earnings</b>	<b>(11.515 K€)</b>	<b>(8.891 K€)</b>
<b>Intangible assets</b>	<b>(1.742 K€)</b>	<b>(1.900 K€)</b>
<b>Tier 2</b>	<b>- K€</b>	<b>- K€</b>
<b>OWN FUNDS</b>	<b>530 K€</b>	<b>396K€</b>

### CONCLUSION

On this basis, Birdee's Directors believe that current capital is sufficient to meet regulatory requirements and the internal capital estimate in the business plan assumptions.

## **5. LIQUIDITY PLANNING**

As recommended by Circular CSSF 20/758 and to be compliant with prudential regime under Investment Firm Directive and Investment Firm Regulation, Birdee has reviewed in 2024 its capital and liquidity management policy. This policy was approved by the BoD on 25/07/2024 and will be subject to review and improvement in year 2027.

On a global overview, liquidity planning is directly linked with liquidity requirements under IFD/IFR prudential framework and with liquidity risk management. The inherent risk of liquidity is mainly linked to Birdee's end-shareholder BNP Paribas Asset Management (BNPP AM).

Birdee's liquidity planning risk mitigating factors include:

- The financial solidity of its end-shareholder BNPP AM;
- The yearly approval of capital injection by end-shareholder BNPP AM at the beginning of each year. The amount of needed capital is calculated to cover the capital and liquidity requirements under IFD/IFR regulation for one year.
- The annual letter of comfort written by Birdee's shareholders to confirm the financial engagement to support Birdee's required capital and liquidity reserves to ensure business continuity (letter dated as of 26/03/2024).

As such, the residual risk is assessed to be low for Birdee. An important liquidity planning process is therefore not applicable.

## **6. REMUNERATION POLICY**

Birdee shall publish its “External disclosure on Birdee SA’s remuneration policy, an investment firm of the asset management business line of BNP Paribas Group” on its website [birdee.co](http://birdee.co)

## **7. INVESTMENT POLICY**

Birdee meets the criteria referred to in Article 32(4) of Directive (EU) 2019/2034 and hence shall not disclose information related to Article 52 of Regulation (EU) 2019/2033.

## **8. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RISKS**

Birdee meets the criteria referred to in Article 32(4) of Directive (EU) 2019/2034 and hence shall not disclose information related to Article 53 of Regulation (EU) 2019/2033.