



Internal Capital Adequacy Risk Assessment (ICARA) Document

Pillar 3 Disclosure

INTRODUCTION

The Internal Capital Adequacy Risk Assessment (or 'ICARA') is the ongoing process by which BCWM plc ('BCWM' or 'the Firm') plc ensures that it operates with an appropriate level of capital.

BCWM is an Irish-incorporated company and is authorised by the Central Bank of Ireland to carry on regulated business as an investment firm. The main business of the Firm is the provision of a range of self-directed pension and private investment accounts to approximately 600 clients.

BCWM is subject to the requirements of the European Union (EU) **Regulation (EU) 2019/2033 on the prudential supervision of investment firms** (known as the Investment Firms Regulation or IFR) and **Directive (EU) 2019/2034 on the prudential supervision of investment firms** (known as the Investment Firms Directive or IFD)

Known as IFR/IFD, the requirements have three pillars:

Pillar 1

Pillar 1 sets out the minimum capital requirements that BCWM needs to retain to meet its credit, market and operational risk obligations, which apply to its business model. It is the higher of three metrics:

1. **Permanent Minimum Capital Requirement (PMR):** Depending on the investment services authorised, this is typically set at €75,000, €150,000, or €750,000. BCWM as a Class 2 firm holding client assets has a PMR of €150,000.
2. **Fixed Overhead Requirement (FOR):** Equal to one-quarter (25%) of the firm's annual fixed overheads.
3. **K-Factor Requirement:** A risk-based capital metric that calculates proportional risks in three categories:
 - Risk-to-Client (RtC): Risks posed to clients (e.g., assets managed, client money held, client orders handled)
 - Risk-to-Market (RtM): Risks in trading book positions (net position risk, clearing member risk)
 - Risk-to-Firm (RtF): Risks of harm to the firm itself (e.g., trading counterparty exposure, concentration risk)

Pillar 2 Capital Assessment

Pillar 2 requires each firm to make a capital adequacy assessment on whether it needs to hold additional capital against firm-specific risks not covered by Pillar 1. BCWM has an ongoing ICARA process which quantifies the risks of certain events impacting on the Firm's profitability, and its ability to operate.

The internal capital requirement is the higher of Pillar 1 and Pillar 2 capital requirements. Section 9 of the main ICAAP document explains the various elements that contribute towards the calculation of BCWM's internal capital requirement.

Pillar 3

Pillar 3 sets out disclosure requirements regarding capital and risk management. The disclosure requirement aims to encourage market discipline by allowing market participants to assess key pieces of information on risk exposures and the risk assessment process of the Firm. BCWM's disclosure is this document, and it is published on the BCWM website: www.bcwm.ie

Pillar 3 disclosures will normally be made on an annual basis once the Annual Financial Resilience Assessment (ICARA document) is approved by the Board. If the Board identifies a material change to the risks of the company mid-year, which warrants a review of capital, the Pillar 3 disclosure will be updated accordingly.

These disclosures are based on the financial statements prepared to 31 December 2025.

BCWM BUSINESS MODEL

BCWM was originally incorporated in Ireland in 2006. The main business of the Firm is the provision of a range of self-directed pension and private investment accounts. The Firm is authorised to provide the following investment services under Regulation 11 of S.I. No. 375 of 2017 European Union (Markets in Financial Instruments) Regulations (the 'MiFID Regulations'):

- Investment advice
- Receipt and transmission
- Portfolio management
- Investment research (ancillary service)
- Provider of PRSAs and Buy Out Bonds (BOBs)

The Firm is also authorised to hold client assets and acts as a:

- Provider in relation to PRSAs
- QFM in respect of ARFs
- Registered Administrator in respect of SSAPs

The Firm is regulated in the provision of pension services by the Pensions Authority.

The Firm has a dedicated Property Team and manages property investments on behalf of clients. Most of the properties are owned by exempt unit trusts where the units in issue are held by BCWM pension structures. The Firm's property services are not subject to MiFID regulations or the Client Asset Regulations.

RISK MANAGEMENT FRAMEWORK

BCWM has a Risk Management Framework which is reviewed by the Risk Committee and approved by the Board. The primary objective of the Risk Management Framework is the protection, preservation and integrity of client assets both in custody and advisory terms. A secondary objective is the protection, preservation and integrity of BCWM's own assets. Maintaining a Risk Management Framework enables the Firm to measure, analyse, monitor and report on the Firm's key risks.

Risk Governance and Responsibilities

The Board of Directors has the ultimate responsibility for ensuring the Firm has appropriate structures, processes, policies and procedures in place, in respect of Risk Management. The Board has delegated more detailed oversight of risk to the Risk Committee, the Head of Risk & Compliance ('HRC') and to the rest of the Senior Management team.

BCWM employs the three lines of defence model, whereby business units are responsible for identifying risks in their business areas and complying with the controls and procedures in their business area. The HRC carries out monitoring, regulatory reporting, staff training and provides advice. Internal Audit provides independent assurance in accordance with an agreed risk-based audit plan.

Internal Control

A core element of the Firm's internal control process is the BCWM Manual, which incorporates company policies, operational procedures and processes for the operations of the Firm. Key internal control policies include the Client Asset Management Plan (CAMP), the Compliance Charter and Compliance Plan and the Operational Resilience Framework.

Risk Register

The risk management process of identifying, analysing and treating risks is documented in the Firm's Risk Register. The HRC is responsible for updating the Risk Register with input from the business units.

Business Error Process

The Firm has a business error process whereby incident reporting forms are required to be completed and sent to the HRC when a business error occurs. All reported incidents are investigated by the HRC, in consultation with management. A report is then prepared and finalised, following discussion between these parties. Corrective actions, lessons learned, and any procedural changes are identified. The HRC enters the details on the Business Error log and provides a summary of the incident to Senior Management, the Risk Committee and the Board.

Risk Appetite Statement

Risk appetite defines the amount and nature of risk BCWM is prepared to accept in pursuit of its business objectives. Risk appetite guides the Firm in its risk taking and related business activities, having regard to the maintenance of financial stability and solvency. It is intended that the type and degree of risk referred to in the Annual Financial Resilience Assessment (ICARA document) will complement the BCWM Board of Directors' Risk Appetite Statement.

Key Risk Indicators

The Firm has defined Key Risk Indicators to track its profile against the most significant risks that it assumes. The Key Risk Indicators have defined ranges which would rate a risk as green, amber or red. The status of the Key Risk Indicators are reported to the Risk Committee and any risks rated red are discussed in detail at the Risk Committee.

ICARA Process

The final element of the Risk Management Process is the Annual Financial Resilience Assessment report to the Board which documents the ICARA process.

CAPITAL ASSESSMENT

The principal areas of risk identified as Part of the Pillar 2 Capital Assessment are outlined below:

Risk	Board of Directors Risk Appetite
Strategic/ Business Model risk	Low
External risk	Low
ESG Risk	Low
Operational risks	
a.Client Asset Safeguarding	Low

BCWM

b.Fraud	Low
c. Conduct Risk	Low
d.Key Person & Staffing	Low
e.Risk of reliance on Key Providers	Low
f. Infrastructure	Low
Cybersecurity	Low
Property Management	Low
Legal risk	Low
Concentration risk	Low
Credit risk	Low
Liquidity risk	Low
Market risk	Low
Regulatory risk	Low
Compliance risk	Low
AML/CFT risk	Low

To calculate the Pillar 2 requirement, scenarios were run for the key risks and capital set aside based on the potential financial impact and the likelihood. The minimum Pillar 2 capital requirement was calculated as €649,000.

The Pillar 1 Capital requirement was calculated as €775,000.

The internal capital requirement is the higher of the Pillar 1 and Pillar 2 capital requirement and was therefore €775,000.

Capital Resources

The most recent audited accounts for the Firm show the capital and reserves of BCWM to be €1,632,000, which exceeds the Firm's regulatory capital requirement. All capital is categorised as Tier 1 capital.

Brian Conroy
Chief Executive Officer
July 2026