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DISCLOSURE & MARKET DISCIPLINE

FINANCIAL YEAR 2021

YEAR ENDED 31 DECEMBER 2021

Regulatory Context

For the Prudential Supervision of Investment Firms and in order to improve transparency of market participants, the Management of JFD Group Ltd (hereinafter the "**Company"**), has an obligation to publish information relating to risks and risk management on an annual basis at a minimum.

The Disclosure and Market Discipline Report (the "**Report**") for the year 2021 has been prepared in accordance with the provisions of Part Eight of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (hereinafter the "**CRR**"), the Law 87(I)/2017 (hereafter "**the Law**"), Regulation (EU) 2019/2033 of the European Parliament and of the Council on the prudential requirements of investment firms ("**IFR**") and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 and Investment Firms Directive (EU) 2014/65/("**IFD**").

Further to the above and in accordance with IFR and IFD the Company is required to prepare the Pillar III Disclosures Report (the "**Report**") to disclose information relating to its risk management, capital structure and capital adequacy as well as the most important characteristics of the Company's corporate governance including its remuneration system.

The information contained in this report is audited by the Firm's external auditors and published on the Company's website on an annual basis.

Company Information

JFD Group Ltd (the "**Company**" or "**JFD**") is a Cyprus Investment Firm, incorporated in the Republic of Cyprus with Company registration number HE 282265.

The Company is authorized and regulated by the Cyprus Securities and Exchange Commission ('**CySEC**') under License Number 150/11 ("**CIF License**") offering MiFID II regulated financial instruments with a particular focus on Foreign Exchange ("**Forex**") and Contracts for Difference ("**CFDs**").

The Company has obtained its CIF Licence from CySEC on the 5th of August 2011. The CIF License was subsequently amended on the 30th of October 2012 to include the investment service or activity of Portfolio Management and on the 11th of April 2017 to extent its license with the addition of Investment Advice services. Additionally, on the 25th of April 2017, CySEC approved the Company's request for offering services on CFDs relating to virtual currencies. During the year under review and specifically on the 05th of April 2021, the Company has obtained CySEC's approval for extending its authorisation and include the investment service of Dealing on Own Account. However, the Company has not made use of this service yet.

The Table 1 below provides the Company's License Information:

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Table 1 – Company Licence Information (based on the Third Appendix of the Law):

		Investment services and activities								Ancillary services						
		1	2	3	4	5	6	7	8	1	2	3	4	5	6	7
Financial Instruments	1	✓	✓	✓	✓	✓	-	-	-	✓	✓			✓		
	2	✓	✓	-	✓	✓	-	-	-	✓	✓			✓		
	3	✓	✓	-	✓	✓	-	-	-	✓	✓			✓		
	4	✓	✓	-	✓	✓	-	-	-	✓	✓			✓		
	5	✓	✓	-	✓	✓	-	-	-	✓	✓			✓		-
	6	✓	✓	-	✓	✓	-	-	-	✓	✓	-	✓	✓	-	-
	7	✓	✓	-	✓	✓	-	-	-	✓	✓			✓		-
	8	✓	✓	-	✓	✓	-	-	-	✓	✓			✓		
	9	✓	✓	✓	✓	✓	-	-	-	✓	✓			✓		
	10	✓	✓	-	✓	✓	-	-	-	✓	✓			✓		-

Risk Management Framework

The Board of Directors ("**BoD**") of JFD Group has the ultimately responsibility for establishing a risk management framework, which ensures sound system of internal controls and risk management policies are in place to identify, measure, monitor and/or manage the major risks faced by the Company. The Board sets the risk appetite and the overall risk tolerance levels appropriate for the size, scale and strategic growth objectives of the Company.

Furthermore, the BoD and the Senior Management have the overall responsibility for the internal control systems of capital adequacy assessment, and they have established effective processes to ensure that the full spectrum of risks faced by the Company is properly identified, measured, monitored and controlled to minimize adverse outcomes.

As with all Investment Firms, the Company is exposed to a variety of risks. The information provided in this report is based on procedures followed by the Management to identify and manage risks for the year ended 31st of December 2021.

Risk Management Function

The Company as part of the extension of its operating license for the provision of the investment services "Dealing on own account", during 2021 decided to establish a Risk Management Committee (the "**Committee**") for the oversight and approval of its enterprise risk management framework.

The members of the Committee are the following:

(a) Demetrios Tsingis (Independent Non-Executive Director)
(b) Joseph Tsirakkis (Executive Director)
(c) Miroslav Petkov (Dealing Officer)

The Risk Management Committee is responsible to:

- advise the Board of Directors on the Company's overall current and future risk appetite and strategy and assist the board of directors in overseeing the implementation of that strategy by senior management.
- monitor and ensure that risk management activities are in the line with the Company's policy and framework.
- ensure that all material risks are identified, measured, and properly reported. The Committee must be actively involved in elaborating the Company's risk strategy and in all material risk management decisions and that it can deliver a complete view of the whole range of risks of the Board of Directors.

The Company appears to have in place risk management policies and procedures which identify the risks relating to the Company's activities, processes, and systems, and where appropriate, set the level of risks tolerated by the Company.

Risk Governance:

Applying an efficient risk management structure is crucial for the Company and for all businesses, markets and regions in which it operates. The Company's risk management is supervised at the highest level in order to be compliant with the applicable regulations of CySEC and the European regulatory framework.

The Company operates in the financial services industry and considers the below risks as the most important, hence are continuously monitored in order to be mitigated the soonest possible:

1. Market risk
2. Operational risk
3. Legal and Compliance
4. Reputational risk
5. Strategic risk

6. Risks related to IFD:
    6.1. Risk-to-Client (RtC)
    6.2. Risk-to-Market (RtM)
    6.3. Risk-to-Firm (RtF)
    6.4. Concentration Risk

Although the risks mentioned in the lists above are interconnected, for the purposes of these disclosures we will separate them in order to be able to capture all the different components both from a regulatory as well as a general risk perspective.

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1. **Market Risk:**

Market risk corresponds to the risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them.

Market risk mainly arises from:

1.1. **Foreign Exchange Risk**: It is a financial risk that exists when a transaction is denominated in a currency other than the base currency of the company and there is a risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The foreign exchange risk in the Company is effectively managed by the Senior Management who monitor the exchange rate fluctuations on a continuous basis and act accordingly. For the year under review, the Company's exposure to foreign exchange risk is Euro 398,679.71.

1.2. **Interest rate risk**: Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's Senior Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

1.3. **Liquidity Risk:** it refers as the risk when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has policies and procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities. In accordance with the CySEC clients' money rules, the Company holds in segregated, clearly designated as clients' money bank accounts, all the funds of its clients. Therefore, the Company considers liquidity risk in relation to all clients' trading activity to be significantly low.

2. **Operational Risk:**

Operational risk is the risk of loss arising from inadequacies or failures in internal procedures, systems failure or external events, including low-probability events that entail a high risk of loss.

The Company manages operational risk through a control-based environment in which processes are documented and transactions are reconciled and monitored. This is supported by a program of audits undertaken by the Internal Auditors of the company and by continuous monitoring of operational risk incidents to ensure that past failures are not repeated.

In addition, the Company has in place processes, management tools and a control infrastructure to enhance the Company-wide control of its operational risk. These include, among others, specific procedures, permanent supervision, business continuity plans, and functions dedicated to the oversight and management of specific types of operational risks, such as fraud, risks related to external service providers, legal risks, information system security risks and compliance risks.

The Company, in its aim to minimize its operational risk undertakes the following actions:

- In order to facilitate decision making for risk control activities, adequate information is being provided to the Company's Management;
- Implements a strong system of internal controls to ensure that operational losses do not cause material damage to the Company
- Established the "four-eye" principle;
- Implements improvements on its methods of detecting fraudulent activities
- Updates its business continuity and disaster recovery plan

For the calculation of operational risk in relation to the new capital adequacy reporting under IFR the Company uses the Fixed Overhead Requirement which is further analysed under Section 6 below.

3. Legal and Compliance Risks:

Compliance means acting in accordance with applicable regulatory rules, as well as professional, ethical and internal principles and standards. Legal and Compliance risk could arise as a result of breaches or non-compliance with legislation, regulations, agreements or ethical standards or due to administrative or disciplinary sanctions which could have as effect material financial losses.

The probability of such risks occurring is relatively low due to the detailed internal procedures and policies implemented by the Company and regular reviews by the Internal Auditors. The Compliance Officer verifies that all compliance laws, regulations and principles applicable to the Company's services are observed, and that all staff respect the codes of good conduct and individual compliance. The Compliance Officer also monitors the prevention of reputational damage, performs compliance controls at the highest level and assists with the day-to-day operations.

Finally, different independent compliance policies have been set up within the Company's business lines to identify and prevent any risks of non-compliance.

4. Reputational Risk:

Reputation risk is the current or prospective risk to earnings and capital arising from an adverse perception of the image of the Company on the part of customers, counterparties, shareholders, investors or regulators. Reputation risk could be triggered by poor performance, the loss of one or more of the Company's key directors, the loss of large clients, poor customer service, fraud or theft, customer claims and legal action, regulatory fines.

The Company has transparent policies and procedures in place when dealing with possible customer complaints in order to provide the best possible assistance and service under such circumstances. The possibility of having to deal with customer claims is very low as the Company provides high quality services to clients.

In addition, the Company's Board of Directors is made up of high calibre professionals who are recognized in the industry for their integrity and ethos; this adds value to the Company.

5. Strategic Risk

Strategic Risk could occur as a result of adverse business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment. The Company's exposure to strategic risk is moderate as policies and procedures to minimize this type of risk are implemented in the overall strategy of the Company.

6. Risks related to IFR

IFR has made substantial changes in the way that investment firms shall calculate their capital requirements. Specifically, the revised capital requirements framework introduces certain additional risks which are collectively referred to as K-Factors.

K-Factors requirements (KFR) is a methodology recommended by the European Banking Authority, in order to capture the range of risks which an investment firm is exposed to. The K-factors essentially replace the CRR credit, market and operational risk approach in order to better calibrate the capital needed to meet the risks of the investment firm. K-factors are quantitative indicators or factors which represent the risks that an investment firm can pose to customers, market/liquidity and the firm itself.

K-factors are divided into the following categories:

6.1. Risk-to-Client (RtC): which captures client assets under management and ongoing advice (K-AUM), client money held (K-CMH), assets safeguarded and administered (K-ASA), and client orders handled (K-COH).

As at 31/12/2021, the Company was exposed to:

	K-factor Requirement (amount in thousand)
K-AUM	255
K-CMH	27,375
K-ASA	38,145
K-COH	137

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6.2. Risk-to-Market (RtM): which captures net position risk (K-NPR) in accordance with the market risk provisions of CRR or, where permitted by the competent authority for specific types of investment firms which deal on own account through clearing members, based on the total margins required by an investment firm's clearing member (K-CMG).

As at 31/12/2021, the Company was exposed to:

	K-factor Requirement (amount in thousand)
K-NPR	32
K-CMG	0

Market risk capital requirements based on NPR

	K-factor Requirement (amount in thousand)
Position risk	0
Foreign exchange risk	32
Commodity risk	0
Total (NPR)	32

6.3. Risk-to-Firm (RtF): which captures an investment firm's exposure to the default of their trading counterparties (K-TCD) in accordance with simplified provisions for counterparty credit risk based on CRR, concentration risk in an investment firm's large exposures to specific counterparties based on the provisions of CRR that apply to large exposures in the trading book (K-CON), and operational risks from an investment firm's daily trading flow (K-DTF).

As at 31/12/2021, our firm was exposed to:

	K-factor Requirement (amount in thousand)
K-TCD	0
K-DTF	0
K-CON	0

6.4. Concentration Risk:

Includes large individual exposures and significant exposures to companies whose likelihood of default is driven by common underlying factors such as the economy, geographical location, instrument type etc.

The Company has no significant concentration of credit risk. Due to these factors, management believes that no additional credit risk beyond any amounts provided for collection losses is inherent in the Company's trade receivables.

The Company has a policy in place to monitor debts overdue by preparing debtors ageing reports. Fees receivable which are past due the payment period are chased for collection.

7. Liquidity Requirement:

Liquidity requirement corresponds to the risk of the Company not being able to meet its cash or collateral requirements.

The table below shows the Firm's liquidity requirement as at 31/12/2021 pursuant to IFR:

	Amount (amount in thousand)
Liquidity Requirement	**394**
Client guarantees	
Total liquid assets	**809**
Unencumbered short-term deposits	807
Total eligible receivables due within 30 days	0
Level 1 assets	**2**
Coins and banknotes	2
Withdrawable central bank reserves	0
Central bank assets	0
Central government assets	0
Regional government/local authorities assets	0
Public Sector Entity assets	0

Recognisable domestic and foreign currency central government and central bank assets	0
Credit institution (protected by Member State government, promotional lender) assets	0
Multilateral development bank and international organisations assets	0
Extremely high-quality covered bonds	0
Level 2A assets	0
Regional government/local authorities or Public Sector Entities assets (Member State, RW20 %)	0
Central bank or central/regional government or local authorities or Public Sector Entities assets (Third Country, RW20 %)	0
High quality covered bonds (CQS2)	0
High quality covered bonds (Third Country, CQS1)	0
Corporate debt securities (CQS1)	0
Level 2B assets	0
Asset-backed securities	0
Corporate debt securities	0
Shares (major stock index)	0
Restricted-use central bank committed liquidity facilities	0
High quality covered bonds (RW35 %)	0
Qualifying CIU shares/units	0
Total other eligible financial instruments	0

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8. **Fixed Overhead:**

Fixed Overhead Risk is the risk that the Company does not hold sufficient eligible capital to accommodate fluctuations in a firm's levels of business. The Company, following the implementation of IFR is required to report its Fixed Overhead which essentially substitutes the CRR operational risk and which is calculated as a quarter of the fixed overheads of the preceding year.

The table below indicates the calculations used for the Company's reporting as at 31/12/2021:

	Amount (amount in thousand)
Fixed Overhead Requirement	**1,181**
Annual Fixed Overheads of the previous year after distribution of profits	**4,725**
Total expenses of the previous year after distribution of profits	7,101
(-) Total deductions	-2,377
(-) Staff bonuses and other remuneration	-123
(-) Employees', directors' and partners' shares in net profits	0
(-) Other discretionary payments of profits and variable remuneration	0
(-) Shared commission and fees payable	0
(-) Fees, brokerage and other charges paid to CCPs that are charged to customers	-2,254
(-) Fees to tied agents	0
(-) Interest paid to customers on client money where this is at the firm's discretion	0
(-) Non-recurring expenses from non-ordinary activities	0
(-) Expenditures from taxes	0
(-) Losses from trading on own account in financial instruments	0

(-) Contract based profit and loss transfer agreements	0
(-) Expenditure on raw materials	0
(-) Payments into a fund for general banking risk	0
(-) Expenses related to items that have already been deducted from own funds	0
Projected fixed overheads of the current year	5,000
Variation of fixed overheads (%)	**5.83%**

9. Minimum Capital Requirement:

The Minimum Capital Requirement is the initial capital required for authorisation to conduct the relevant investment services.

As at 31/12/2021, the Company's Minimum Capital Requirement EUR750,000 for offering the services referred to in this Report. In relation to the Company's most recent reported figures under IFR, please refer to Section 13 "Capital Adequacy" below.

10. Other Risks:

10.1. Money Laundering and Terrorist Financing Risk

Money laundering and terrorist financing risk mainly refers to the risk that the Company may be used as a vehicle to launder money and/or finance terrorism. The Company has established policies, procedures and controls in order to mitigate the money laundering and terrorist financing risks.

Among others, these policies, procedures and controls include the following:

- A risk-based approach that involves specific measures and procedures in assessing, identifying and managing the Money Laundering and Terrorist Financing risks faced by the Company
- Adequate Client due diligence and identification procedures
- Minimum standards of quality of the required identification data for each type of Client (e.g. documents from independent and reliable sources, third party information)
- Obtaining additional data and information from Clients, where this is appropriate and relevant, for the proper and complete understanding of their activities and source of wealth.
- Monitoring and reviewing the business relationship with clients and potential clients of high-risk countries
- Ensuring that the Company's personnel receive the appropriate training and assistance.

During the year under review, the Company maintained its policies, procedures and controls with respect to money laundering and terrorist financing and provides, inter alia, details and further information with respect to the abovementioned measures.

The aim of the Company is for the materialization of the Money Laundering and Terrorist Financing risk to be minimized to the lowest possible and, as such the Company has initiated a program to supervise and examine in detail any areas identified as a risk and undertake relevant remedy measures/actions, as and when required.

10.2. Group Risk

Group Risk could occur as adverse impact due to relationships (financial or non-financial) of the Company with other entities belonging in the same Group. The Company is reliant on certain services from other entities of the Group including the parent company. Lastly the reputation of the group overall, as well as the members of the group are highly correlated with the reputation of JFD.

Management ensures independence between entities to minimize impact of any regulatory or reputational events in other group operations. In the event of group structure change (i.e. new companies added to the Group) the Board and the Risk Committee consider and analyze the risks under such a structure in relation to regulatory, reputational, credit and operational risk.

11. Remuneration Policy

The Company has developed and implemented a Remuneration Policy which is considered appropriate to its size, internal organisation and the nature, the scope and the complexity of its activities whilst adhering to the provisions the Investment Services and Activities and Regulated Markets Law of 2017, ESMA/2016/904 and Directive DI144-2014-14 of 2014 of the Cyprus Securities and Exchange Commission for the Prudential Supervision of Financial Firms.

Further and as per to Article 27 of the Commission Delegated Regulation (EU) 2017/565 with regards to organisational requirements for the authorisation of investment firms, the Company has to ensure that the Remuneration Policy is not solely or mainly based on quantitative commercial criteria but takes into account appropriate qualitative criteria.

11.1. Company's *Remuneration System*

The Company's remuneration system and policy is concerned with practices of the Company for those categories of staff whose professional activities have a material impact on its risk profile, i.e. the Senior Management, members of the Board of Directors and the Heads of the departments; the said practices are established to ensure that the rewards for the 'executive management' are linked to the Company's performance, to provide an incentive to achieve the key business aims and deliver an appropriate link between reward and performance whilst ensuring base salary levels are not set at artificially low levels. The Company uses remuneration as a significant method of attracting and retaining key employees whose talent can contribute to the Company's short- and long-term success.

The remuneration mechanisms employed are well known management and human resources tools that consider the staff's skills, experience and performance, whilst supporting at the same time the long-term business objectives.

The Company's remuneration system considers the highly competitive sector in which the Company operates, and the considerable amount of resources the Company invests in each member of the staff.

It is noted that the Company has considered its size, internal organization and the nature, the scope and the complexity of its activities and it does not deem necessary the establishment of a specific remuneration committee. Decisions on these matters are taken on a Board of Directors level while the remuneration policy is periodically reviewed.

The total remuneration of staff currently consists of a fixed component. The remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, accountability, and responsibility needed for an employee to perform each position/role. The remuneration is also set in comparison with standard market practices employed by the other market participants/ competitors.

11.2. Performance Appraisal

The Company will implement a performance appraisal method, which is based on a set of Key Performance Indicators, developed for each business unit and for the Company as a whole. The appraisal process is performed as follows:

- Objectives set: in the beginning of each month and/or quarter (each department is being appraised in different periods) defining what the Company functions, departments and individuals are expected to achieve over an upcoming period of time.
- Performance checks and feedbacks: managers provide support and feedback to the concerned staff during the time periods decided, during the daily activities or during formal or informal performance reviews; the aim is to assist the staff to develop their skills and competencies.
- Annual performance evaluation: takes place annually, usually middle of each year.

11.3. Remuneration of Key Management Personnel and Directors:

The gross remuneration of the key management personnel of the Company, including Board of Directors, in 2021, was as shown in the following tables:

Broken down by Management area	2021
	€
Key Management Personnel Remuneration	410,000
Directors Remuneration	612,000
Total	**845,000**

12. Directorships[1] held by Members of the Management Board

In 2021, the members of the Management body of the Company, given their industry experience, have been taking seats in other company boards. In line with this, the following table indicates the number of positions that each member holds in other Company Boards:

Name	Position in the CIF	Directorships (Executive)	Directorships (Non- Executive)
Lars Gottwik**	Executive Director	1	-
Iosif Tsirakkis	Executive Director	1	-
Demetrios Tsingis	Non-Executive Director	3	1
Enrique Guzman***	Non-Executive Director	0	1
Nicolaos Kelepeniotis	Non – Executive Director	-	5
Frank Pannhorst*	Non-Executive Director	0	1
Nikolaos Petousis****	Executive Director	1	0

* Mr. Frank Pannhorst ceased from being Directors of the Company during January 2021

**Mr. Lars Gottwik ceased from being Directors of the Company during February 2021

***Mr. Enrique Guzman joined the Company as Non-Executive Director during January 2021.

****Mr, Nikolaos Petousis joined the Company as Executive Director during October 2021.

The Company's Board of Directors is required to assess and review the effectiveness of the policies, arrangements and procedures put in place for the Company to comply with its obligations under the Investment Services and Activities and Regulated Markets Law of 2017

[1] Directorships held within the same Group are considered as 1 directorship.

(the "**Law**"), as subsequently amended or replaced, as well as the relevant CySEC Directives and the CRR, and to take appropriate measures to address any deficiencies.

In particular, when assessing risks, the responsibilities of the Board of Directors and Senior Management may be summarized as follows:

- Approve and periodically review the corporate objectives and risk strategies and policies for managing, monitoring, and mitigating the risks that the Company is or might be exposed to.
- Ensure that all risk management regulatory requirements are applied, and that appropriate systems and controls are introduced
- Establish a suitable internal control system
- Assessing and approving the annual report and taking appropriate actions to remedy any weaknesses and/or deficiencies identified in the annual report

13. Capital Adequacy

Capital management and adequacy of liquid funds is a paramount priority for the Company. The Company continuously monitors its capital reserves and risk exposures. This is currently performed in accordance with the Investment Firms Regulation (IFR).

13.1. Regulatory Capital:

In line with the International Financial Reporting Standards (IFRS) and IFR, the Company's regulatory capital mainly consists of Common Equity Tier 1 Capital, composed primarily of ordinary shares and related share premium accounts and retained earnings.

In some cases, additional capital tiers can come into force such as the Tier 2 Capital which could introduce the use of loans to support the business and operational capital. Such loans are highly regulated and are always subordinated to other claims.

13.2. Capital Ratio

The capital (adequacy) ratio is a key metric for a financial institution and is calculated by comparing the institutions' own funds with the highest of the three Capital Requirements (K-Factor Requirement, Fixed Overhead Requirement and Permanent Minimum Capital Requirement) as mentioned in IFR Risks and related requirements section. The calculations always follow a strict set of rules as defined by IFR. The minimum Total Capital Ratio that must be maintained AT ALL times is 100%.

As at 31/12/2021, the Company had a Total Capital Ratio of 143.33%

13.3. Capital Management

As part of managing its capital, the Company ensures that its solvency level is always compatible with the following objectives:

- Maintaining its financial solidity and respecting the Risk Appetite targets
- Adequate allocation of capital among the various business lines according to the Company's strategic objectives
- Maintaining the Company's resilience in the event of stress scenarios
- Meeting the expectations of the regulator and shareholders

The Company determines its internal capital adequacy thresholds in accordance with the above and the Senior Management is tasked to monitor the capital on a constant basis.

Further to the above, the Company is obligated to calculate and report its capital adequacy on a quarterly basis to the Cyprus Securities and Exchange Commission (the "CySEC").

Below you may find the latest results reported for 2021:

Capital Adequacy/Own Funds Requirements

	Dec 31, 2021 (amount in thousand) (Unaudited)
CET1 Capital	1,693
Tier 1 Capital	1,693
Total Capital	1,693
Permanent Minimum Capital (PMC)	750
Fixed Overhead Requirement (FOR)	1,181
K-Factor Requirement (KFR)	185
Requirement Used	FOH
Total Own Fund Requirement	1,181
Total Ratio	143.33%
CET1 Ratio	143.33%

EU IF CC1.01 - Composition of regulatory own funds (Investment firms other than small and non-interconnected)

	Amounts (in thousand)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
Common Equity Tier 1 (CET1) capital: instruments and reserves		
OWN FUNDS	1,693	N/A
TIER 1 CAPITAL	1,693	N/A
COMMON EQUITY TIER 1 CAPITAL	1,693	N/A
Fully paid up capital instruments	9	SC
Share premium	2,489	SP
Retained earnings	-88	RE
Accumulated other comprehensive income	0	N/A
Other reserves	-261	OR
Minority interest given recognition in CET1 capital	0	N/A
Adjustments to CET1 due to prudential filters	0	N/A
Other funds	0	N/A
(-) TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	-2.446	N/A
(-) Own CET1 instruments	0	N/A
(-) Direct holdings of CET1 instruments	0	N/A
(-) Indirect holdings of CET1 instruments	0	N/A
(-) Synthetic holdings of CET1 instruments	0	N/A
(-) Losses for the current financial year	-341	XXX
(-) Goodwill	-1	N/A
(-) Other intangible assets	0	N/A

(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	0	N/A
(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	0	N/A
(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	0	N/A
(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-1.343	
(-) CET1 instruments of financial sector entities where the institution has a significant investment	0	N/A
(-)Defined benefit pension fund assets	0	N/A
(-) Other deductions	0	N/A
CET1: Other capital elements, deductions and adjustments	-114	
ADDITIONAL TIER 1 CAPITAL	0	N/A
Fully paid up, directly issued capital instruments	0	N/A
Share premium	0	N/A
(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	0	N/A
(-) Own AT1 instruments	0	N/A
(-) Direct holdings of AT1 instruments	0	N/A
(-) Indirect holdings of AT1 instruments	0	N/A
(-) Synthetic holdings of AT1 instruments	0	N/A
(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	0	N/A
(-) AT1 instruments of financial sector entities where the institution has a significant investment	0	N/A
(-) Other deductions	0	N/A
Additional Tier 1: Other capital elements, deductions and adjustments	0	N/A

TIER 2 CAPITAL	0	N/A
Fully paid up, directly issued capital instruments	0	N/A
Share premium	0	N/A
(-) TOTAL DEDUCTIONS FROM TIER 2	0	N/A
(-) Own T2 instruments	0	N/A
(-) Direct holdings of T2 instruments	0	N/A
(-) Indirect holdings of T2 instruments	0	N/A
(-) Synthetic holdings of T2 instruments	0	N/A
(-) T2 instruments of financial sector entities where the institution does not have a significant investment	0	N/A
(-) T2 instruments of financial sector entities where the institution has a significant investment	0	N/A
Tier 2: Other capital elements, deductions and adjustments	0	N/A

EU IFCC2: Own funds: reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Balance sheet as in published/unaudited figures	Under regulatory scope of consolidation	Cross reference to EU IF CC1
	As at period end	**As at period end**	
Assets - *Breakdown by asset classes*			
Tangible Assets	527.54	N/A	FA
Cash, cash balances at central banks and other demand deposits	1192.89	N/A	
Other assets	1129.68	N/A	
Total Assets	**2,850.11**	**N/A**	**N/A**
Liabilities - *Breakdown by liability classes*			
Other liabilities	866.69	N/A	
Total Liabilities	**866.69**	**N/A**	**N/A**
Shareholders' Equity			
Ordinary share capital	9.10	N/A	SC
Share Premium	2488.57	N/A	SP
Retained earnings	-514.25	N/A	RE
Total Shareholders' equity	**1.983.42**	**N/A**	**N/A**

EU IF CCA: Own funds: main features of own instruments issued by the firm

Issuer	Company
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
Public or private placement	Private
Governing law(s) of the instrument	Cyprus Companies Law
Instrument type (types to be specified by each jurisdiction)	Ordinary shares
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR0.0091
Nominal amount of instrument	EUR1.00
Issue price	EUR1.00
Redemption price	N/A
Accounting classification	Ordinary share capital
Original date of issuance	23/02/2011
Perpetual or dated	N/A
Original maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons / dividends	N/A
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A

Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
Existence of step up or other incentive to redeem	N/A
Noncumulative or cumulative	N/A
Convertible or non-convertible	N/A
If convertible, conversion trigger(s)	N/A
If convertible, fully or partially	N/A
If convertible, conversion rate	N/A
If convertible, mandatory or optional conversion	N/A
If convertible, specify instrument type convertible into	N/A
If convertible, specify issuer of instrument it converts into	N/A
Write-down features	N/A
If write-down, write-down trigger(s)	N/A
If write-down, full or partial	N/A
If write-down, permanent or temporary	N/A
If temporary write-down, description of write-up mechanism	N/A
Non-compliant transitioned features	N/A
If yes, specify non-compliant features	N/A
Link to the full term and conditions of the instrument (signposting)	N/A

EU IF CCA: Own funds: main features of own instruments issued by the firm

Issuer	Company
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
Public or private placement	Private
Governing law(s) of the instrument	Cyprus Companies Law
Instrument type (types to be specified by each jurisdiction)	Ordinary shares issued at a premium
Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	EUR
Nominal amount of instrument	EUR1.00
Issue price	EUR2.489
Redemption price	N/A
Accounting classification	Share premium
Original date of issuance	23/02/2011
Perpetual or dated	N/A
Original maturity date	N/A
Issuer call subject to prior supervisory approval	N/A
Optional call date, contingent call dates and redemption amount	N/A
Subsequent call dates, if applicable	N/A
Coupons / dividends	N/A
Fixed or floating dividend/coupon	N/A
Coupon rate and any related index	N/A
Existence of a dividend stopper	N/A
Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A

Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
Existence of step up or other incentive to redeem	N/A
Noncumulative or cumulative	N/A
Convertible or non-convertible	N/A
If convertible, conversion trigger(s)	N/A
If convertible, fully or partially	N/A
If convertible, conversion rate	N/A
If convertible, mandatory or optional conversion	N/A
If convertible, specify instrument type convertible into	N/A
If convertible, specify issuer of instrument it converts into	N/A
Write-down features	N/A
If write-down, write-down trigger(s)	N/A
If write-down, full or partial	N/A
If write-down, permanent or temporary	N/A
If temporary write-down, description of write-up mechanism	N/A
Non-compliant transitioned features	N/A
If yes, specify non-compliant features	N/A
Link to the full term and conditions of the intrument (signposting)	N/A

REPORT

14. Internal Capital Adequacy Assessment Process

The Internal Capital Adequacy Assessment Process ("**ICAAP**") requires Companies to identify and assess risks, maintain enough capital to face these risks and apply appropriate risk-management techniques to maintain adequate capitalization on an ongoing and forward-looking basis, i.e., internal capital supply to exceed internal capital demand.

The ICAAP also serves as a stress testing tool used by the Company to rehearse the business response to a range of scenarios, based on variations of market, economic and other operating environment conditions. Stress tests are performed for both internal and regulatory purposes and serve an important role in:

- Understanding the risk profile of the Company
- The evaluation of the Company's capital adequacy in absorbing potential losses under stressed conditions (This takes place in the context of the Company's ICAAP on an annual basis)
- The evaluation of the Company's strategy
- The establishment or revision of risk limits

The Company maintains compliance with the ICAAP as required under CRR and during 2020 has updated its ICAAP Report for the year 2019 based on the Audited Financial Statements of 2019. The Company additionally is in the process of updating its ICAAP pursuant to the revised ICARA requirements under IFR within the current year.

The Company is in the process of updating its ICAAP for the year 2021.

Pillar I & II Capital Requirements

Amounts in EUR (thousands)	Risk	Pillar I	Pillar II
Pillar I Risks	Credit Risk	**149**	
	Market Risk	**32**	
	Operational Risk	**1000**	
Pillar II Risks	Concentration Risk		**295***
	Conduct		
	Regulatory		
	Business Risk		
	Liquidity Risk		
	Reputation Risk		
	Loss of Key personnel		
	Political Risk		
	Residual Risk		
Total		**1,181**	**295**
Total Capital Requirement (Pillar I & II)		**1,476**	
Own Funds		**1,693**	
Capital Adequacy Ratio		**11.47% or 143.33% ****	
Capital Adequacy Ratio with Pillar II		**11.47% or 143.33% ****	

* 25% of Operational Risk/FoH Pillar I capital requirement for covering material operational risks

**The total capital requirements for both Pillar I and Pillar II are EUR 1,476,412.27. The Company allocates a 25% Pillar II capital requirement covering operational risks. As at 31/12/2021 the Own funds amounts to EUR1,668,434.74 with CAR ratio of 11.47% or 143.33% (based on IFR/IFD).

15. Risk Appetite Statement

The Risk Appetite Statement defines the level of risk the Board is willing to take in pursuit of its business objectives and strategic goals. It defines the parameters within which the Company can operate and the relevant risks it can assume, both on an individual as well as on an aggregated basis.

The Company's risk appetite strategy is implemented by the Senior Management in collaboration with the BoD and applied by all divisions through an appropriate operational steering system for risks.

Important indicators for determining the Risk Appetite are regularly monitored over the year to detect any events that may result in negative developments on the Company's risk profile. Such events may give rise to remedial action, up to the deployment of a recovery plan in the most severe cases.

Throughout the year and despite the Covid -19 situation, the Company has not been impacted by the current ongoing events in any negative way neither experienced any implications on its operations. The Company's risk profile has remained within normal levels and demonstrated the utmost of due diligence in this evolving situation and many employees are working remotely from their homes without any significant damage on the company's performance and with no negative impact on the level of customer support.