

DISCLOSURES IN ACCORDANCE PURSUANT TO PART SIX  
OF REGULATION (EU) 2019/2033  
FOR THE YEAR 2023

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# 1. INTRODUCTION

## 1.1. Regulatory Framework

Athlos Capital Investment Services Limited, is a private limited liability company incorporated under the provisions of the Cyprus Companies Law Cap.113, with Reg. No. HE 362228 and has its registered address at 4 Menandrou Str, GALA TOWER, Office 401, 1066 Nicosia, Cyprus (hereinafter the “**Company**”). On 3<sup>rd</sup> January 2018, following a special resolution, the Company changed its name from I.P. Athlos Capital Limited to Athlos Capital Investment Services Limited. The Company received its authorization by the Cyprus Securities and Exchange Commission (hereinafter the “**Commission**”) on 11th of December 2017 as a Cypriot Investment Firm with License Number 348/17. On 30<sup>th</sup> October 2020, the Company received authorization by the Commission to extend its CIF license and provide the investment services of Portfolio Management and Investment Advice.

In accordance with Regulation (EU) 2019/2033 on 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 (herein the “**IFR**”), the Company is required to disclose information specified under Part Six of IFR (hereinafter the “**Report**”) and should be publicly available through the Company’s website.

Part Six of the IFR specifies the disclosure requirements with which institutions must comply i.e. disclosures with respect to their risk management policies and processes, governance, own funds and own funds requirements, as well as remuneration policies and practices.

The IFR aims to promote the transparency of financial institutions and to contribute to the orderly functioning of financial markets. Disclosure requirements under Part Six of the IFR should be a cornerstone of market discipline and enhance the ability of stakeholders to assess risk in financial institutions.

## 1.2. Scope of application

In accordance with IFR, the scope of application of the requirements outlined in Part Six of the IFR requires institutions to disclose information regarding the name of the institution to which the requirements of the IFR apply and an outline of the differences in the basis of consolidation for accounting and prudential purposes, with a brief description of the entities therein.

The requirements of Part Six of the IFR are applicable on a solo basis. The following tables indicate the Company’s corporate information and the Investment services/activities and Ancillary services which the Company is authorised to provide:

<b>Corporate Information</b>	
<i>Legal Name</i>	ATHLOS CAPITAL INVESTMENT SERVICES LTD
<i>CIF Authorization Date</i>	11/12/2017
<i>CIF License Number</i>	348/17
<i>Company Registration Date</i>	09/11/2016
<i>Company Registration Number</i>	HE 362228

Financial instruments	Investment services/activities								Ancillary services						
	I(1)	I(2)	I(3)	I(4)	I(5)	I(6)	I(7)	I(8)	II(1)	II(2)	II(3)	II(4)	II(5)	II(6)	II(7)
III (1)	√	√	√	√	√	-	-	-	√	√	√	√	√	-	

III (2)	√	√	√	√	√	-	-	-		√	√			√		
III (3)	√	√	√	√	√	-	-	-		√	√			√		
III (4)	√	√	√	√	√	-	-	-		√	√			√		
III (5)	√	√	√	√	√	-	-	-		√	√			√		-
III (6)	√	√	√	√	√	-	-	-		√	√			√		-
III (7)	√	√	√	√	√	-	-	-		√	√			√		-
III (8)	√	√	√	√	√	-	-	-		√	√			√		
III (9)	√	√	√	-	-	-	-	-		√	√			√		
III (10)	√	√	√	√	√	-	-	-		√	√			√		-
III (11)	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-

### 1.3. Frequency of disclosure

The Company is required to publish the Report at least on an annual basis. It is noted that the Company shall assess the need to publish some, or all of the disclosures required by Part Six of the IFR more frequently than annually, in light of any changes in the Company's total assets and exposures.

### 1.4. Verification

The Report has been prepared in accordance with Part Six of the IFR and is subject to internal review by the Risk Committee prior to being approved by the Board of Directors. It is noted that the Report and the disclosures contained herein have been reviewed and approved by the Board of Directors on 22<sup>nd</sup> of April 2024.

## 2. CORPORATE GOVERNANCE

### 2.1. Board of Directors

Pursuant to Article 48 of IFR, the Company is required to disclose information on the number of directorships held by members of the management body. The Board of Directors is ultimately responsible for approving and periodically reviewing the strategies and policies for taking up, managing, monitoring and mitigating the risks the Company is or might be exposed to.

The Board of Directors devotes sufficient time to the consideration of risk issues faced by the Company and is actively involved in and ensure that adequate resources are allocated for the management of all material risks which the Company is exposed to. The Board of Directors is composed of two Executive Directors and two Independent, Non-Executive Director, as depicted in the table below:

Name of Director	Position	Country of residence
Mr. Ioannis Petri	Executive Director	Cyprus
Mrs. Sara Eojourian	Executive Director	Cyprus
Mr. Andreas Lambrou	Independent, Non-Executive	Cyprus
Mr. Michael Antoniou	Independent, Non-Executive	Cyprus

### 2.2. Other directorships

There have been changes in the composition of the Board of Directors of the Company during 2023. The table below shows the number of other directorships held by the members of the Management body in other financial institutions, upon the Company's prior consent:

Name	Position	Directorships – Executive	Directorships – Non-Executive
Mr. Ioannis Petri	Executive Director	-	-
Mrs. Sara Eojourian	Executive Director	-	-
Mr. Andreas Lambrou	Independent, Non-Executive Director	-	-
Mr. Michael Antoniou	Independent, Non-Executive Director	-	-

### 2.3. Recruitment and Selection Process

The Company has established a Recruitment Policy to set out the criteria for recruiting new employees, including new members to the Board of Directors. The Recruitment Policy lays down the requirements which need to be fulfilled by a person in order to be approved as a member of the Board.

In order for a person to be qualified as a Director, the Company must be satisfied that:

- The person is of good repute, has integrity, morals and credibility.
- Possesses adequate knowledge of financial matters and is able to make appropriate decision-making with respect to the Company's business operations.
- Possesses adequate experience in the financial sector and/or has been occupied in similar positions.
- Has adequate risk management experience.
- His academic qualifications either in finance, accounting, law or any other related subject.

## 2.4. Diversity Policy

The Company is committed to fostering, cultivating and preserving a culture of diversity and inclusion. The Company considers diversity as an asset to its organisation and linked to better economic performance. It is an integral part of how the Company does business and imperative to commercial success. The Company considers that building a diverse and inclusive workforce will provide sustainability in the future.

In line with the recent changes in the regulatory reporting framework, the Company is in the process of establishing a dedicated diversity policy in relation to the management body.

## 2.5. Risk Committee

The Company has established a Risk Committee whose purpose is to advise the Board of Directors on the overall current and future risk appetite and strategy, as well assist the Board in its duty to oversee the implementation of that strategy by the senior management of the Company. The Risk Committee has a material role in the establishment of sound remuneration policies and practices i.e. examines whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood of timing and earnings. The Risk Committee bears the responsibility to monitor the adequacy and effectiveness of measures taken to address any deficiencies with respect to the risk management policies and practices established by the Company.

The Risk Committee is appointed by the Board of Directors and reports directly to the Board of Directors. The Risk Committee is composed of the following persons:

- (a) The appointed Risk Manager.
- (b) An Independent, Non-Executive Director.
- (c) The General Manager.
- (d) The Head of the Trading Department.

During 2023 and following the recommendations of the Internal Auditor, the Company proceed with a restructuring to the composition of the Risk Committee. The Company reviewed and reassessed its corporate governance arrangements with regard to Board Committees and their supervisory function to ensure compliance with EBA Guidelines on Internal Governance under Directive (EU) 2019/2034. In accordance with EBA Guidelines, the Chair of the Risk Committee should not be the chair of the Board nor the chair of any other committee. For this purpose, Mr. Lambrou who chaired the Board of Directors and the Risk Committee was replaced by Mr. Antoniou as Chairman of the Risk Committee. Mr. Antoniou was assessed for his suitability to chair the Risk Committee by the Board of Directors. The Board's discussion and decision have been recorded through Minutes which are appropriately recorded in the Company's systems.

During 2023, the Risk Committee held 5 meetings and covered the following issues:

- (1) Review and approval of the calculations of Form 165-01 prior to submission to CySEC.

## 3. RISK MANAGEMENT

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### 3.1. Risk Management Policy and Objectives

In accordance with Art. 47 of IFR, the Company is required to disclose its risk management objectives and policies for each separate category of risk as set out in paragraphs 4, 5, 6 and 7 of the Report, including a summary of the strategies and processes to manage those risks. The Company has established its Risk Management policy and objectives in order to establish a framework for the Company's risk management process and to ensure its implementation. The main objective is to ensure sustainable business growth with financial stability by promoting a pro-active approach in reporting, evaluating and resolving risks associated with the Company's operations.

The Risk Management framework established by the Company further aims to ensure that the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed through adequate and efficient systems.

The Risk Management policy describes the roles and responsibilities of the Risk Manager, the Board of Directors and the Senior Management and sets out the reporting lines of the Risk Management Function, describes the risk management process, the risk management methodology and makes appropriate reference to the Risk Register maintained by the Risk Manager.

### 3.2. Risk Management Function

The Company has established a Risk Management Function which is independent from the operational functions of the Company and has sufficient authority, resources and access to the Board of Directors. The Risk Management Function of the Company is composed of the Risk Manager who is responsible for reporting to the Board of Directors and the Risk Committee.

The Company, taking into consideration, its nature, scale and complexity of its business decided to combine the Compliance Function with the Risk Management Function as it considers that the independent functioning of each function is not in any way jeopardized.

The Risk Manager is responsible, inter alia, for the design of the risk management system, including but not limited to the risk management process, the risk management methodology and appropriate risk management policies and practices. The Risk Manager is further responsible for the independent risk assessment of the Company's risk management procedures in order to (i) identify the risks which the Company is exposed to (ii) understand and estimate the effect of the identified risks to the Company's operations and the acceptable level of risk (iii) establish adequate and appropriate methods of monitoring and measurement (iv) preparation and implementation of the ICAAP process and the relevant ICAAP report which is submitted to the Commission (v) proposes the capital allocation under Pillar II and (vi) provides ICAAP training to relevant employees and the Senior Management where necessary.

### 3.3. Risk Appetite

Risk appetite can be defined as the amount and type of risk that the Company is willing to take in order to meet its strategic objectives. Based on its risk appetite, the Company is able to understand the specific risks which it is exposed to, monitor those risks and report the findings of such reports to the Board of Directors.

The risk appetite of the Company is reviewed on an annual basis and is monitored on an on-going basis to ensure that the Company's strategy, business plan, capital requirements and liquidity are in line with its risk appetite. The Board of Directors is responsible for reviewing and approving the risk appetite of the Company. In this respect, the Board of Directors is also responsible for reviewing and approving on an annual basis the

Company's business plan, budget, ICAAP and monitor the Company's risk profile and capital adequacy position.

### **3.4. Risk Assessment**

The Company has established a risk assessment process to identify the various risks which have an adverse effect to its business operations and capital, analyze and evaluate those risks and determine appropriate ways to eliminate the possible impact of the identified risks where such risks cannot be avoided. The risk assessment conducted by the Company is based on the risk management methodology developed by the Company. The risk assessment process is depicted in the Risk Register maintained by the Risk Manager. The Risk Register includes indications of the severity of each identified risk and the adverse impact it could have on the Company if it had remained undefined. Based on the assessment conducted, the Company formulates its risk management strategy and the various risk mitigation techniques for each identified risk.

### **3.5. Directors' Declaration**

The Board of Directors is ultimately responsible for the risk management framework of the Company. The Risk Management Framework involves the overall systems, policies, processes, and people within the Company that is used to identify, assess, mitigate and monitor all sources of risk that could have a material impact on the Company's business operations.

The Board of Directors hereby approves the adequacy of the risk management arrangements established by the Company providing assurance that the risk management systems in place are adequate and in line with the Company's risk profile and strategy.

### **3.6. Risk Statement**

The Company has established a comprehensive risk management system designed to identify the risks which it is or might be exposed to and has developed adequate measures to minimize those risks i.e. to be in line with the Company's risk appetite. Taking into consideration the Company's nature, scale and complexity of business, the Company has adopted a dynamic risk management process, which takes into account internal and external risks, to capture any developments and changes in its risk profile from time to time. The risk management process includes the following elements: the establishment of the Risk Register, identification of risks, analysis and evaluation of the risks, treatment of the risks, monitoring and review of the risks, communication and consultation as appropriate at each stage of the process.

The Board of Directors along with the Senior Management of the Company are responsible for defining the corporate objectives and risk strategies, the risk profile of the Company and the associated processes and procedures and are further responsible for the dissemination of these information to the Risk Management Function. In this respect, the Risk Management Function is responsible for designing the risk management system, the preparation of appropriate risk management policies and procedures and the establishment of the Risk Register. Similarly, the Risk Manager is responsible for the identification of risks, analyzing the risks and establishing appropriate methods for monitoring and reviewing the identified risks. The Risk Manager is also responsible for communicating and consulting with the Risk Committee on the evaluation and treatment of the identified risks, which is responsible for overseeing the risk management process, approve and update of the risk management policies and arrangements and monitoring the identified risks. The Risk Committee is responsible for providing the Board of Directors with updates and recommendations on risk management policies and procedures. The Risk Manager is also responsible for providing annual reports to the Board of Directors to enable the Board to review the systems, procedures and processes in place and where applicable make appropriate amendments.



The Company considers that the Risk Register is an appropriate risk management tool which enables it to document and categorize all the risks which it is or could be exposed to in the future. The Risk Register includes an indication of severity of the risk and the adverse impact it could have had on the Company if it had remained undefined. The Risk Register reflects the risk management methodology applied by the Company in order to effectively manage the risks which is or might be exposed to. The risk management methodology involves the following:

- (a) The identification of the risks involved.
- (b) Rating of the likelihood of the business activity not being properly performed (the likelihood is assessed on the assumption that there are no existing risk management and compliance processes in place).
- (c) Rating the consequence of not properly performing the business activity (the damage can be quantified in terms of financial loss).
- (d) Assigning the inherent risk rating based on the combination of rating of likelihood and consequence.
- (e) Deciding whether a control is necessary to be adopted given the risk rating (a control might involve a policy, checklist, reporting mechanism etc).
- (f) Assessing whether the existing controls are adequate and allocating the responsibility of monitoring the control to effectively treat the identified risk.
- (g) Raise awareness of the Company's risk culture, profile and appetite within the organisation.
- (h) Conducting on-going monitoring and reviews to ensure the effective management of the identified risks.

The Board of Directors considers that the Company has established an effective and comprehensible risk management framework for the proper identification, management and mitigation of the risks which the Company is or might be exposed to in the future.

## 4. OWN FUNDS

In its capacity as a CIF to provide investment services, the Company is exposed to a variety of risks which are required to be mitigated and minimized to maintain an adequate capital base ensuring the continuation of the Company's operations while at the same time achieving the Company's business and strategic goals.

According to Article 9 of the IFR, the total Own Funds consists of the sum of the Company's Common Equity Tier 1 capital (the "CET1"), Additional Tier 1 capital (the "AT1") and Tier 2 Capital (the "T2"). The Company's regulatory capital comprises fully of CET1 capital while it has not issued any AT1 or T2 capital. The Composition of the Company's Own Funds as of 31<sup>st</sup> of December 2023 are presented in the below table:

### 4.1. Composition of Regulatory own funds

	YEAR 2023	Amounts (EUR)	Source based on reference numbers/letters of the balance sheet in the audited financial statements
<b>Common Equity Tier 1 (CET1) capital: instruments and reserves</b>			
<b>1</b>	<b>OWN FUNDS</b>	<b>11,475</b>	
<b>2</b>	<b>TIER 1 CAPITAL</b>	<b>11,475</b>	
<b>3</b>	<b>COMMON EQUITY TIER 1 CAPITAL</b>	<b>11,475</b>	
4	Fully paid-up capital instruments	4	Share Capital
5	Share premium	14,996	Share premium
6	Retained earnings	(3,103)	Retained Earnings
	Previous years retained earnings	(3,103)	
	Profit Eligible (Including dividends)		
7	Accumulated other comprehensive income		
8	Other reserves		
9	Minority interest given recognition in CET1 capital		
10	Adjustments to CET1 due to prudential filters	(19)	Financial assets at FVTPL <sup>1</sup>
11	Other funds		
<b>12</b>	<b>(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1</b>	<b>(66)</b>	
13	(-) Own CET1 instruments		
14	(-) Direct holdings of CET1 instruments		
15	(-) Indirect holdings of CET1 instruments		
16	(-) Synthetic holdings of CET1 instruments		
17	(-) Losses for the current financial year		
18	(-) Goodwill	(66)	Intangible assets
19	(-) Other intangible assets		
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities		

<sup>1</sup> Financial assets at FVTPL (current portion) multiplied by 0,1%

21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds		
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds		
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment		
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment		
25	(-) Defined benefit pension fund assets		
26	(-) Other deductions		
27	CET1: Other capital elements, deductions and adjustments	(66)	Financial assets at FVTPL <sup>2</sup>
28	<b>ADDITIONAL TIER 1 CAPITAL</b>	-	
29	Fully paid up, directly issued capital instruments		
30	Share premium		
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	
32	(-) Own AT1 instruments		
33	(-) Direct holdings of AT1 instruments		
34	(-) Indirect holdings of AT1 instruments		
35	(-) Synthetic holdings of AT1 instruments		
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment		
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment		
38	(-) Other deductions		
39	Additional Tier 1: Other capital elements, deductions and adjustments		
40	<b>TIER 2 CAPITAL</b>	-	
41	Fully paid up, directly issued capital instruments		
42	Share premium		
43	(-) TOTAL DEDUCTIONS FROM TIER 2	-	
44	(-) Own T2 instruments		
45	(-) Direct holdings of T2 instruments		
46	(-) Indirect holdings of T2 instruments		
47	(-) Synthetic holdings of T2 instruments		

<sup>2</sup> Financial assets at FVTPL (non-current portion) consist of Deposit to ICF (€ 64k) & Joint Guarantee Fund (€ 100k). For the purpose of own funds calculation, only Deposit to ICF was taken into consideration and was deducted.

48	(-) T2 instruments of financial sector entities where the institution does not have a significant investment		
49	(-) T2 instruments of financial sector entities where the institution has a significant investment		
50	Tier 2: Other capital elements, deductions and adjustments		

## 4.2. Own funds reconciliation of Regulatory funds to balance sheet in the audited financial statements

The scope of accounting consolidation and the scope of regulatory consolidation are exactly the same and for this purpose Columns (a) and (b) of EU CC2 have been merged. The Company meets the obligations laid down in Article 46 on an individual basis.

		Balance sheet as in published/audited financial statements	Cross reference to EU IF CC1
		As at period end 31/12/2023 ('000 EUR)	
<b>Assets – Breakdown by asset classes according to the balance sheet in the audited financial statements</b>			
<b>Non-current assets</b>			
1	Property, plant and equipment	192	
2	Right-of-use-assets	-	
3	Intangible assets	66	19
4	Financial assets at fair value through profit or loss <sup>3</sup>	130	27
		<b>388</b>	
<b>Current assets</b>			
1	Trade and other receivables	1,094	
2	Financial assets at fair value through profit or loss <sup>4</sup>	19,372	10
3	Cash and cash equivalents	431	
		<b>20,897</b>	
	<b>Total Assets</b>	<b>21,285</b>	
<b>Liabilities – Breakdown by liability classes according to the balance sheet in the audited financial statements</b>			
<b>Equity</b>			
1	Share capital	4	4
2	Share premium	14,996	5
3	Retained earnings	5,971	6
		<b>20,971</b>	
<b>Current liabilities</b>			
1	Trade and other payables	224	

<sup>3</sup> Financial assets at FVTPL (non-current portion) consist of Deposit to ICF (€'000 64) & Joint Guarantee Fund (€'000 100). For the purpose of own funds calculation, only Deposit to ICF was taken into consideration and was deducted.

<sup>4</sup> Financial assets at FVTPL (current portion) multiplied by 0,1% for Additional Valuation Adjustment ("AVA") purposes.

2	Borrowings	-	
3	Lease liabilities	90	
4	Current tax liabilities	0	
		<b>314</b>	
	<b>Total Liabilities</b>	<b>21,285</b>	
<b>Shareholders' Equity</b>			
1	Authorised capital (Ordinary shares of 1 EUR each)	4	
2	Issued and fully paid	4	4
3	Share premium	14,996	5
	<b>Total Shareholders' equity</b>	<b>15,000</b>	

#### 4.3. Own funds: Main features of own instruments issued by the Company

Item	Ordinary Shares Amount ('000 EUR)	Ordinary Shares Amount ('000 EUR)	Ordinary Shares Amount ('000 EUR)	Ordinary Shares Amount ('000 EUR)
Issuer	Athlos Capital Investment Services Limited	Athlos Capital Investment Services Limited	Athlos Capital Investment Services Limited	Athlos Capital Investment Services Limited
Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A	N/A
Public or private placement	N/A	N/A	N/A	N/A
Governing law(s) of the instrument	Chapter 113 Company Law, Articles 58, 59A, 69A, 70	Chapter 113 Company Law, Articles 58, 59A, 69A, 70	Chapter 113 Company Law, Articles 58, 59A, 69A, 70	Chapter 113 Company Law, Articles 58, 59A, 69A, 70
Instrument type (types to be specified by each jurisdiction)	Ordinary shares	Ordinary shares	Ordinary shares	Ordinary Shares
Amount recognised in regulatory capital (in '000 EUR)	1	1,250	8,749	4,999
Nominal amount of instrument	€1	€1	€1	€1
Issue price	€1	€1,249	€8,748	€4,998
Redemption price	N/A	N/A	N/A	N/A
Accounting classification	Share Capital	Share Capital & Share Premium	Share Capital & Share Premium	Share Capital & Share Premium

Original date of issuance	09/11/2016	17/11/2017	21/12/2021	29/12/2023
Perpetual or dated	N/A	N/A	N/A	N/A
Original Maturity date	N/A	N/A	N/A	N/A
Issuer call subject to prior supervisory approval	N/A	N/A	N/A	N/A
Optional call date, contingent call dates and redemption amount	N/A	N/A	N/A	N/A
Subsequent call dates, if applicable	N/A	N/A	N/A	N/A
<i>Coupons/dividends</i>	N/A	N/A	N/A	N/A
Fixed or floating dividend/coupon	N/A	N/A	N/A	N/A
Coupon rate and any related index	N/A	N/A	N/A	N/A
Existence of dividend stopper	N/A	N/A	N/A	N/A
Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A	N/A	N/A	N/A
Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A	N/A	N/A	N/A
Existence of step up or other incentive to redeem	N/A	N/A	N/A	N/A
Noncumulative or cumulative	N/A	N/A	N/A	N/A
Convertible or non-convertible	N/A	N/A	N/A	N/A
If convertible, conversion trigger(s)	N/A	N/A	N/A	N/A

If convertible, fully or partially	N/A	N/A	N/A	N/A
If convertible, conversion rate	N/A	N/A	N/A	N/A
If convertible, mandatory or optional conversion	N/A	N/A	N/A	N/A
If convertible, specify instrument type convertible into	N/A	N/A	N/A	N/A
If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
Write-down features	N/A	N/A	N/A	N/A
If write-down, write-down trigger(s)	N/A	N/A	N/A	N/A
If write-down, full or partial	N/A	N/A	N/A	N/A
If write-down, permanent or temporary	N/A	N/A	N/A	N/A
If temporary write-down, description of write-up mechanism	N/A	N/A	N/A	N/A
Non-compliant transitioned features	N/A	N/A	N/A	N/A
If yes, specify non-compliant features	N/A	N/A	N/A	N/A
Link to the full term and conditions of the instrument (signposting)	N/A	N/A	N/A	N/A

## 5. CAPITAL REQUIREMENTS

### 5.1. Permanent Minimum Capital Requirement

Pursuant to Art. 9 of IFD and Art. 15 of Directive 2014/65/EU, an investment firm which is authorised to provide the investment service of 'Dealing on own account' it is required to maintain a permanent minimum capital of 750,000 EUR. As the Company has been authorised, amongst others, to provide the investment service of 'Dealing on own account' it is therefore required to maintain at all times a minimum capital of 750,000 EUR. The Company monitors its capital adequacy on a consistent basis to ensure that it adheres to the levels of permanent minimum capital as required.

### 5.2. K-Factor Requirements

In line with the requirements of Art. 15 of Reg (EU) 2019/2033 the Company monitors the value of its K-factors to identify any trends that could leave the Company with a materially different own funds requirement and to ensure that if this occurs it will appropriately inform the competent authority of that materially different own funds requirement. The table below shows the Company's K-Factor requirements as of 31<sup>st</sup> of December 2023:

K-Factor Requirement		Factor amount (EUR '000)	Amount (EUR '000)
<b>Total K-Factor Requirement</b>			<b>4,243</b>
<b>Risk-to-Client (RtC)</b>			<b>124</b>
	K-AUM	16	16
	K-CMH	27	27
	K-ASA	84	81
	K-COH	-	-
<b>Risk-to-Market (RtM)</b>			<b>3,026</b>
	K-NPR	3,026	3,026
	K-CMG	-	-
<b>Risk-to-Firm (RtF)</b>			<b>1,093</b>
	K-TCD	-	-
	K-DTF	69	69
	K-CON	1,024	1,024

As per the provisions of IFR, the Company is required to calculate its own funds requirements by reference to the above set of K-factors which capture Risk to Client (RtC), Risk to Market (RtM) and Risk to Firm (RtF).

#### ***Risk to Client (RtC):***

The K-factors under RtC capture 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). The K-factors under RtC covers the business areas of the Company from which harm to clients can conceivably be generated in case of problems.

#### ***K-AUM: Assets Under Management:***

In particular, K-AUM captures the risk of harm to clients from an incorrect discretionary management of client portfolios or poor execution and provides reassurance and client benefits in terms of the continuity of service of ongoing portfolio management and investment advice.

#### ***K-ASA: Assets Safeguarded and Administered:***



K-ASA captures the risk of safeguarding and administering client assets, and ensures that investment firms hold capital in proportion to such balances, regardless of whether they are on its own balance sheet or in third-party accounts.

***K-CMH: Client Money Held:***

K-CMH captures the risk of potential harm where an investment firm holds money of its clients, taking into account whether they are on its own balance sheet or in third-party accounts and arrangements under applicable national law provide that client money is safeguarded in the event of bankruptcy, insolvency or entry into resolution or administration of the investment firm. K-CMH excludes client money that is deposited on a (custodian) bank account in the name of the client where the investment firm has access to the client money via a third-party mandate.

Since the Company is currently offering the ancillary service of safekeeping and administration of assets it is exposed to K-AUM, K-ASA and K-CMH. The Company monitors its exposure to K-AUM, K-ASA and K-CMH on a consistent basis to effectively manage its exposure to the risk of harm to clients.

***K-COH: Client Orders Handled:***

K-COH captures the potential risk to clients of an investment firm which executes orders (in the name of the client, and not in the name of the investment firm itself) for example as part of execution-only services to clients or when an investment firm is part of a chain for client orders. Since the Company does not execute orders in the name of the client, K-COH is not applicable to the Company.

***Risk to Market (RtM):***

The K-factor under RtM captures net position risk (K-NPR) in accordance with the market risk provisions of Reg (EU) No 575/2013 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). The Company is not exposed to K-CMG as it does not deal on own account through clearing members.

The K-factors for RtM for investment firms that deal on own account is based on the rules for market risk for positions in financial instruments, in foreign exchange and in commodities in accordance with Reg (EU) No 575/2013. This allows the Company to apply the standardized approach as previously under Reg (EU) 575/2013. Since the Company is authorised to deal on own account it was exposed to market risk under the previous prudential supervision framework, the Company is exposed to RtM under the new prudential supervision framework and shall monitor its exposure to market risk on a consistent basis to effectively manage its exposure to market risk.

***Risk to Firm (RtF):***

The K-factors under RtF capture 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 Reg (EU) No 575/2013, concentration risk in an investment firm's last exposures to specific counterparties based on the provisions of that Regulation that apply to large exposures in the trading book (K-CON) and operational risks from an investment firm's daily trading flow (K-TDF).

The K-factors for K-TCD and K-CON under RtF constitute a simplified approach of the rules laid down in Reg (EU) 575/2013 on counterparty credit risk and large exposure risk respectively. K-TCD captures the risk an investment firm by counterparties to over-the-counter (OTC) derivatives, repurchase transactions, securities and commodities lending or borrowing transactions, long settlement transactions, margin lending

transactions, or any other securities financing transactions, as well as by recipients of loans granted by the investment firm on an ancillary basis as part of an investment service that fail to fulfil their obligations. The Company is not exposed to K-TCD as it does not deal with any of the instruments that are captured under K-TCD.

K-CON captures concentration risk in relation to the individual or highly connected private sector counterparties with whom firms have exposures above 25% of their own funds, or specific alternative thresholds, by imposing a capital add-on in line with Reg (EU) 575/2013 for excess exposures above those limits. The Company calculates its exposure value to concentration to monitor and control its exposure to concentration risk.

K-DTF captures the operational risks to an investment firm in large volumes of trades concluded for its own account or for clients in its own name in one day which could result from inadequate or failed internal processes, people and systems or from external events, based on the notional value of daily trades, adjusted for the time to maturity of interest rate derivatives in order to limit increases in own funds requirements, in particular short-term contracts where perceived operational risks are lower. The Company is exposed to K-DTF as it concludes a large volume of trades for its own account and for clients in its own name. The Company monitors its exposure to K-DTF to ensure that it effectively manages its exposure to operational risk.

The overall own funds requirement under the K-factors is the sum of the requirements of the K-factors under RtC, RtM and RtF.

### 5.3. Fixed overheads Requirement

To calculate the Fixed Overheads requirement the Company uses figures resulting from the applicable accounting framework and in line with Art. 13 of Reg (EU) 2019/2033 which states the fixed overheads requirement shall amount to at least one quarter of the fixed overheads of the preceding year. The table below shows the fixed overhead requirement calculation as of 31<sup>st</sup> of December 2023:

Item	Amount (EUR '000)
<b>Fixed Overhead Requirement</b>	<b>323</b>
<b>Annual Fixed Overheads of the previous year after distribution of profits</b>	<b>1,291</b>
<b>Total expenses of the previous year after distribution of profits</b>	<b>2,204</b>
Of which: Fixed expenses incurred on behalf of the investment firms by third parties	
<b>(-)Total deductions</b>	<b>(914)</b>
(-)Staff bonuses and other remuneration	(506)
(-)Employees', directors' and partners' shares in net profits	-
(-)Other discretionary payments of profits and variable remuneration	-
(-)Shared commission and fees payable	-
(-)Fees, brokerage and other charges paid to CCPs that are charged to customers	(166)
(-)Fees to tied agents	(201)
(-)Interest paid to customers on client money where this is at the firm's discretion	-
(-)Non-recurring expenses from non-ordinary activities	-
(-)Expenditures from taxes	(41)
(-)Losses from trading on own account in financial instruments	-
(-)Contract based profit and loss transfer agreements	-
(-)Expenditure on raw materials	-
(-)Payments into a fund for general banking risk	-
(-)Expenses related to items that have already been deducted from own funds	-

<b>Projected fixed overheads of the current year</b>	<b>1,181</b>
<b>Variation of fixed overheads (%)</b>	<b>-8,52%</b>

#### 5.4. Own funds requirements

In accordance with the new prudential regime, the Company is classified as a Class 2 IF and therefore, it shall at all times have own funds at least the highest of:

- Fixed overhead requirement (FOR);
- Initial Capital (minimum capital requirement);
- K-Factors requirement.

The table below illustrates a summary of the own funds requirements as calculated as of 31 December 2023:

<b>Own funds requirements</b>	<b>Amount ('000 EUR)</b>
Permanent minimum capital requirement	750
Fixed overhead requirement	323
Total K-Factor requirement	4,243
<b>Total own funds requirement</b>	<b>4,243</b>

#### 5.5. Capital ratios

According to Article 9 (1) of the IFR, IFs shall have own funds consisting of the sum of their CET1 capital, AT1 capital and T2 capital, and shall meet all the following conditions at all times:

$$\text{Common Equity Tier 1 Capital} \geq 56\%$$

D

$$\text{Common Equity Tier 1 Capital} + \text{Additional Tier 1 Capital} \geq 75\%$$

D

$$\text{Common Equity Tier 1 Capital} + \text{Additional Tier 1 Capital} + \text{Tier 2 Capital} \geq 100\%$$

D

Where D is the Company's total own funds requirement.

The table below illustrates the Company's capital ratios as calculated as of 31 December 2023:

<b>Item</b>	<b>Percentage</b>
<b>CET1 Ratio</b>	<b>276,80%</b>
Surplus(+)/Deficit(-) of CET 1 capital (€'000)	9,369
<b>Tier 1 Ratio</b>	<b>276,80%</b>
Surplus(+)/Deficit(-) of Tier 1 capital (€'000)	8,563
<b>Own Funds Ratio</b>	<b>276,80%</b>
Surplus(+)/Deficit(-) of Total capital (€'000)	7,502

As of 31<sup>st</sup> of December 2023, the Company maintained adequate own funds to cover its capital requirements. At the same time, the Company monitors the above to ensure compliance with the capital adequacy requirements at all times.

## 6. CONCENTRATION RISK

### 6.1. Monitoring obligation

In accordance with Art. 35 of IFR, the Company is required to monitor and control its concentration risk in accordance with the provisions of IFR by means of sound administrative and accounting procedures and robust internal control mechanisms. The Company calculates its exposure value to concentration in accordance with the provisions of Art. 36 of IFR. In accordance with Art. 37 of IFR, the Company's limit with regard to the concentration risk of an exposure value with regard to an individual client or group of connected clients shall be 25% of its own funds.

As of 31<sup>st</sup> of December 2023, the Company's concentration risk to individual counterparties or group of connected counterparties exceeded the minimum threshold of 25%. In anticipation of the excess, the Company calculated own funds requirement on the exposure value in accordance with the provisions of Article 22(a), (b) and (c) of IFR. The K-CON own funds requirement is the aggregate amount of the own funds requirement calculated for each client or group of connected clients as the own funds requirement of the appropriate line of Column 1 in Table 6 that accounts for a part of the total individual excess, multiplied by:

- (a) 200% where the excess has not persisted for more than 10 days;
- (b) The corresponding factor in Column 2 of Table 6 after the period of 10 days calculated from the date on which the excess has occurred, by allocating each proportion of the excess to the appropriate line in Column 1 of Table 6.

**Table 6**

<b>Column 1: Exposure Value excess as a percentage of own funds</b>	<b>Column 2: Factors</b>
Up to 40%	200%
From 40% to 60%	300%
From 60% to 80%	400%
From 80% to 100%	500%
From 100% to 250%	600%
Over 250%	900%

The table below illustrates the own funds requirements for the excess in the concentration limits. The Company ensures to hold additional capital to cover its concentration risk exposures.

<b>Risk-to-Firm (RtF)</b>	K-CON	<b>1,024</b>
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## 7. LIQUIDITY REQUIREMENTS

### 7.1. Liquidity requirements under Art. 43 of IFR

In accordance with Art. 43 of IFR, the Company is required to hold an amount of liquid assets equivalent to at least one third of the fixed overhead requirement. Liquidity risk is the risk that the Company has insufficient financial resources to meet its current and prospective obligations, as they fall due, or can only secure these resources at excessive costs. Liquidity risk can arise from the Company's inability to manage unplanned decreases or changes in funding sources and the failure to recognize or address changes in market conditions that affect the ability of the Company to liquidate assets quickly and with minimal loss in value.

The Company has established adequate policies and practices to assess, monitor and manage its liquidity needs on an on-going basis to ensure that adequate liquidity is maintained not only during normal conditions but also during stressed conditions i.e. respond to liquidity drainage in the market and repay all their obligations to clients at all times.

As of 31<sup>st</sup> of December 2023 the Company held an adequate level of liquid assets which satisfied the liquidity threshold as per the requirements of Art. 43 of IFR, as illustrated in the table below:

Item	Amount ('000 EUR)
<b>Liquidity Requirement</b>	<b>108</b>
<b>Client guarantees</b>	
<b>Total liquid assets</b>	<b>7,212</b>
<b>Unencumbered short term deposits</b>	54
<b>Total eligible receivables due within 30 days</b>	
<b>Level 1 assets</b>	<b>467</b>
Coins and banknotes	467
Withdrawable central bank reserves	
Central bank assets	
Central government assets	
Regional government/local authorities assets	
Public Sector Entity assets	
Recognizable domestic and foreign currency central government and central bank assets	
Credit institution (protected by Member State government, promotional lender) assets	
Multilateral development bank and international organizations assets	
Extremely high quality covered bonds	
<b>Level 2A assets</b>	-
Regional government/local authorities or Public Sector Entities assets (Member State, RW20 %)	
Central bank or central/regional government or local authorities or Public Sector Entities assets (Third Country, RW20 %)	
High quality covered bonds (CQS2)	
High quality covered bonds (Third Country, CQS1)	
Corporate debt securities (CQS1)	
<b>Level 2B assets</b>	-
Asset-backed securities	
Corporate debt securities	
Shares (major stock index)	

Restricted-use central bank committed liquidity facilities	
High quality covered bonds (RW35 %)	
<b>Qualifying CIU shares/units</b>	-
<b>Total other eligible financial instruments</b>	<b>7.157</b>

## 8. REMUNERATION POLICIES AND PRACTICES

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### 8.1. Decision-making process

In forming its Remuneration Policy, the Board of Directors takes into account the size, nature, scale and complexity of the Company's business and operations. When establishing and applying the Remuneration Policy, inclusive of salaries and discretionary pension benefits, for categories of staff including senior management, risk takers, staff engaged in control functions and any other employee receiving total remuneration, whose professional activities have a material impact on the Company's risk profile, the Company applies the following principles:

- (a) The Remuneration Policy is consistent with and promotes sound and effective risk management without encouraging risk-taking that exceeds the level of tolerated risk of the Company.
- (b) The Remuneration Policy is in line with the business strategy, objectives, values and long-term interests of the Company and incorporates measures to avoid conflicts of interest.
- (c) The Board of Directors is responsible for periodically reviewing the general principles of the Remuneration Policy and overseeing its implementation.
- (d) The Compliance Function conducts an independent internal review, at least on an annual basis, of the implementation of the Remuneration Policy.
- (e) Staff engaged in control functions are independent from the business units they oversee, have appropriate authority and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.
- (f) The Board of Directors oversees the remuneration of senior officers in the Risk Management and Compliance Functions.
- (g) The Remuneration Policy makes a clear distinction between the criteria for setting basic fixed remuneration and variable remuneration.
- (h) Basic fixed remuneration primarily reflects the relevant professional experience and organizational responsibility as set out in the employee's job description.
- (i) Variable remuneration reflects a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the employee's job description.
- (j) Fixed and variable remuneration are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable components.
- (k) Guaranteed variable remuneration is not consistent with sound risk management or the pay-for-performance principle and shall not be part of prospective remuneration plans.

## 8.2. Remuneration of staff

The table below shows the remuneration received by the Directors' and the key management employees whose professional activities have material impact in the Company's profile as of 31 December 2023:

Position	No of Beneficiaries	Fixed Remuneration (EUR '000)	Variable remuneration (EUR '000)	Total (EUR '000)
Independent Non-Executive Directors	2	14	-	14
Executive Directors	2	137	60 <sup>5</sup>	197
<b>Total</b>		<b>151</b>	<b>60</b>	<b>211</b>

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<sup>5</sup> Executive Directors receive variable remuneration by virtue of their position as employees of the Company.



## 9. INVESTMENT POLICY

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### **9.1. Investment policy under Art. 52 of IFR**

In accordance with Article 52 (1) of the IFR, Member States shall ensure that IFs which do not meet the criteria referred to in point (a) of Article 32 (4) disclose the Company's Investment Policy. IFs which meet the criteria specified under the Law and Article 32(4) of the IFD, whose on-and-off balance sheet assets on average over the 4 year period are less than €100 million are exempted from the disclosure of information on Investment Policy.

The Company's average on-and off-balance sheet assets for the preceding four-year period are less than €100 million and therefore, the Company is exempted from the disclosures requirement relating to the disclosure of the Company's Investment Policy.

## 10. ENVIRONMENTAL, SOCIAL & GOVERNANCE RISKS

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### **10.1. Environmental, social & governance risk under Art. 53 of IFR**

Under the new prudential regime, the Environmental, Social and Governance Risk (the “ESG Risk”) is introduced. As per Article 35 of the IFD and Article 53 of the IFR the majority of IFs must disclose information on ESG risks, including physical risks and transition risks. The above requirement will enter into force on the 26<sup>th</sup> of December 2022 and it shall be disclosed once in the first year and biannually thereafter. IFs which meet the criteria specified under the Law and Article 32(4) of the IFD, whose on-and-off balance sheet assets on average over the 4 year period are less than €100 million are exempted from the disclosure of information on ESG Risk.

The Company’s average on-and off-balance sheet assets for the preceding four-year period are less than €100 million and therefore, the Company is exempted from the disclosure’s requirement relating to ESG Risk.

## 11. PUBLICATION OF DISCLOSURES

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### **11.1. Publication of Report and External Auditor's verification**

The Disclosures in accordance with Art. 46 of Regulation (EU) 2019/2033 for the year 2023 have been prepared by the Company as per the provisions of IFD/IFR.

In accordance with the applicable regulatory framework, the Report should form an integral part of the Company's Financial Statements where the Financial Statements are published or on the Company's website, where the Financial Statements are not published. The Report is required to be verified by the Company's External Auditors and the Company is responsible for submitting the verification report to the Commission. In this respect, the Report has been published on the Company's website and the relevant External Auditor's verification report will be submitted to the Commission within the specified deadlines.

### **11.2. Disclosure waiver**

The Company states that any information that was not included in this report was either not applicable on the Company's business activities or such information is considered as proprietary to the Company and sharing this information with the public and/or competitors would undermine the Company's competitive position.