ACCUINDEX LTD

DISCLOSURE AND MARKET DISCIPLINE REPORT FOR 2020

Regulated by the Cyprus Securities and Exchange Commission License no. ***340/17***

May 2021

The Disclosure and Market Discipline Report for the year 2020 has been prepared by Accuindex Ltd as per the requirements of Regulation (EU) No. 575/2013 issued by the European Commission and the Directive DI144-2014-14 issued by the Cyprus Securities and Exchange Commission.

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

Accuindex Ltd is regulated by the Cyprus Securities and Exchange Commission under License number340/17.

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Board of Directors declaration on the adequacy of risk management arrangements of the institution

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

The Board of Directors approves in full the adequacy of Risk Management arrangements of the institution providing assurance that the risk management systems in place are adequate with regards to the institution's profile and strategy.

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1. Introduction

1.1. Investment Firm

Table 1: Company information

Company name	ACCUINDEX LTD
CIF Authorization date	23/10/2017
CIF License number	340/17
Company Registration Date	30/09/2016
Company Registration Number	HE 360650
Investment Services	
Reception and transmission of orders in relation to one or more financial instruments	
Execution of Orders on Behalf of Clients	
Ancillary Services	
Safekeeping and administration of financial instruments, including custodianship and related services	
Foreign exchange services where these are connected to the provision of investment services	

1.2. Scope

The present report is prepared by Accuindex Ltd (the "Company"), a Cyprus Investment Firm ("CIF") authorized and regulated by the Cyprus Securities and Exchange Commission (the "CySEC", the "Commission") under the license number 340/17 which operates in harmonisation with the Markets in Financial Instruments Regulation and Directive ("MiFIR" & "MiFID II" respectively).

In accordance with Regulation (EU) No. 575/2013 (the Capital Requirements Regulation, "CRR"), the Company is required 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 scope of this report is to promote market discipline and to improve transparency of market participants.

This document is updated and published annually; it will, however, be published more frequently if there are significant changes to the business (such as changes to the scale of operations, range of activities, etc.).

The 2020 Pillar III Disclosures Report sets out both quantitative and qualitative information required in accordance with Part 8 of the CRR, which set the requirements of the disclosures.

The information contained in the Pillar III Market Discipline and Disclosure Report is audited by the Firm's external auditors and published on the Company's website at www.accuindex.eu on an annual basis.

The Company's business effectiveness is based on the guidelines of the risk management policies and procedures put in place. The Board of Directors ("BoD"), Internal Audit, Risk Manager, Compliance and Anti-Money Laundering Compliance Officer control and supervise the overall risk system so that all units charged with risk management perform their roles effectively on a continuous basis.

Furthermore, the Board of Directors 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 minimise adverse outcomes.

As with all Investment Firms, the Company is exposed to a variety of risks and in particular to credit risk, market risk and operational risk. More information can be found in the sections below.

The Company is making the disclosures on a solo basis.

1.3. The Company

Accuindex Ltd mainly operates in Europe, offering MiFID II regulated financial instruments with a particular focus on Foreign Exchange ("Forex") and Contracts for Difference ("CFDs"). It has 4 employees located in its offices in Cyprus.

The Company pursues a stable business model, trying to maintain a well-balanced capital allocation in its operations and geographically balanced strategy with a diversified customer base. Furthermore, it ensures that compliance rules are strictly respected, especially in the area of anti-money laundering and counterterrorism financing.

The Company considers its reputation to be an asset of great value that must be protected to ensure its sustainable development. The prevention and detection of the risk of harm to its reputation are integrated within all the Company's operating practices. The Company's reputation is protected by making its employees aware of the values of responsibility, ethical behaviour and commitment.

1.4. Regulatory Supervision

All CIFs under CySEC's authority must meet the requirements with respect to capital adequacy and market discipline, as per the below legal framework:

- Law 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets (hereafter "the Law")
- Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012
- Regulation (EU) No. 575/2013 – Capital Requirements Regulation ("CRR")
- Regulation (EU) No. 648/2012 – European Markets Infrastructure Regulation
- Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC – Capital Requirements Directive IV ("CRD IV")

2. Governance and Risk Management

Implementing an efficient risk management structure is a critical undertaking for the Company, in 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 regulations enforced by CySEC and the European regulatory framework.

2.1. Types of Risks

The Company operates in the complex financial services industry and in line with its business models the below risks are considered as the most prominent, hence are continuously monitored in order for exposures to be mitigated the soonest possible:

- **Credit risk**: risk of losses arising from the inability of the Company's customers, issuers or other counterparties to meet their financial commitments.
- **Market risk**: risk of a loss of value on financial instruments arising from changes in market parameters, the volatility of these parameters and correlations between them. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets.
- **Operational risk**: risk of losses arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss.
- **Liquidity risk**: risk of the Company not being able to meet its cash or collateral requirements as they arise.
- **Compliance risk**: risk of legal, administrative or disciplinary sanctions, or of material financial losses, arising from failure to comply with the provisions governing the Company's activities.
- **Reputational risk**: risk arising from a negative perception on the part of customers, counterparties, shareholders, investors or regulators that could negatively impact the Company's ability to maintain or engage in business relationships and to sustain access to sources of financing.
- **Strategic risk**: risks inherent in the choice of a given business strategy or resulting from the Company's inability to execute its strategy.

2.2. Internal Capital Adequacy Assessment Process

The Internal Capital Adequacy Assessment Process ("ICAAP") requires institutions 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 Company maintains compliance with the ICAAP as required under CRR, through risk management and governance framework, methodologies, processes and infrastructure.

In line with the CRR requirements, the key instruments to help the Company maintain adequate capitalization on an ongoing and forward-looking basis are:

- A strategic planning process which aligns risk tolerance and appetite with commercial objectives;
- A continuous monitoring process against approved risk and capital targets set;

- Regular risk and capital reporting to management; and
- An economic capital and stress testing framework which also includes specific stress tests to underpin the Company's recovery monitoring processes.

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. Senior management considers the stress test results against the approved business plans and determines whether any corrective actions need to be taken. Overall, stress testing allows senior management to determine whether the Company's exposures correspond to its risk appetite
- The establishment or revision of limits. Stress test results, where applicable, are part of the risk management processes for the establishment or revision of limits across products, different market risk variables and portfolios

The ultimate responsibility and ownership of the Company's stress testing policy rests with the Board of Directors. If the stress testing scenarios reveal vulnerability to a given set of risks, the management makes recommendations to the Board of Directors for mitigation measures or actions.

The Company has already started preparing its ICAAP report for 2019 and upon finalisation of the Company's financial audit will incorporate the results in the report and assess whether any actions will be needed both in the form of capital and risk mitigation.

2.3. Risk Appetite

The Company defines Risk Appetite as the level of risk, by type and by business that the Company is prepared to incur given its strategic targets. The Risk Appetite Framework weights earning sensitivities to business cycles versus credit, market and operational events. The Risk Appetite is one of the strategic oversight tools available to the Management bodies. It underpins the budgeting process and draws on the ICAAP, which is also used to ensure capital adequacy under stressed economic scenarios.

Key Risk Appetite metrics

For 2020, our key risk appetite metrics can be seen below. These 2 simple but important metrics helped us remain within our risk appetite and are the basis onto which our Internal Capital Adequacy Assessment Process is based.

Level	CET 1 ratio	Total Ratio
Normal	> 10%	> 12%
Manageable	10% - 8%	12 % - 10%
Critical	< 8%	< 10%

Level	Own Funds
Normal	> €300,000
Manageable	€125,000 – €300,000
Critical	< €125,000

Furthermore, the positioning of the business in terms of risk/return ratio as well as the Company's risk profile by type of risk are analysed and approved by the BoD. 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, covering the whole Governance, Risk and Compliance ("GRC") spectrum.

Essential indicators for determining the Risk Appetite are regularly monitored over the year to detect any events that may result in unfavourable 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.

2.4. Risk Management Committee

The Risk Management Committee ("RMC") advises the Board of Directors on the overall strategy and the appetite to all kinds of risks, both current and future, and helps the Board when it verifies that this strategy is implemented. It is responsible for:

- Reviewing the risk control procedures and is consulted about setting overall risk limits
- Reviewing on a regular basis the strategies, policies, procedures and systems used to detect, manage and monitor the liquidity risk and submitting its conclusions to the Board of Directors
- Reviewing the policies in place and the reports prepared to comply with the regulations on internal control
- Reviewing the policy concerning risk management and the monitoring of off-balance sheet commitments, especially considering the memoranda drafted to this end by the without prejudice to the Compensation Committee's missions, reviewing whether the incentives provided by the compensation policy and practices are compatible with the Company's situation with regard to the risks it is exposed to, its share capital, its liquidity and the probability and timing of expected benefits.

The Risk Management Committee held 1 meeting in 2020 as follows:

Date	Agenda
12th March 2020	• Analysis of various risks associated with the operation of the Company • Review, discussion and approval of the Company's risk management framework

2.5. Diversity Policy

Diversity is increasingly seen as an asset to organizations and linked to better economic performance. It is an integral part of how the Company does business and imperative to commercial success.

The Company recognizes the value of a diverse and skilled workforce and management body (including the Board of Directors), which includes and makes use of differences in the age, skills, experience, background, race and gender between them.

The Company is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future.

The Company considers itself diverse in regards to its main workforce but has also established a specific diversity policy in relation to its management body and in 2020 it made an effort to align with this policy.

2.6. Board Recruitment

The Company and its shareholders rely on a strong Board of Directors, hence they carefully evaluate, based on a predefined policy, the recruitment of all Directors and ensure appropriate succession planning. The Senior Management is assigned the responsibility to review the qualifications of potential director candidates and make recommendations to the existing BoD to ensure selecting the most appropriate candidate.

The persons proposed for the appointment need to have specialised skills and/or knowledge to enhance the collective knowledge of the BoD and most importantly emphasis is given on their commitment in terms of time and effort.

Furthermore, the Company considers the following factors (which also form the basis of its BoD recruitment policy):

1. Integrity, honesty and the ability to generate public confidence
2. Knowledge of and experience with financial institutions (“fit-and-proper”)
3. Knowledge of financial matters including understanding financial statements and financial ratios
4. Demonstrated sound business judgment
5. Specialised skills and/or knowledge in accounting, finance, banking, law, business administration or related subjects

2.7. Remuneration

Remuneration refers to payments or compensations received for services or employment. The Company’s remuneration system includes the base salary and occasionally bonuses or other economic benefits that an employee or executive may receive during employment. These benefits are frequently reviewed in order to

always be appropriate to the CIF's size, internal organization and the nature, scope and complexity of its activities.

The Company's remuneration system is designed to regulate the benefits of all employees with particular focus on those categories of staff whose professional activities have a material impact on its risk profile, such as the Senior Management, Heads of the Departments and the members of the Board of Directors. In the case of the latter, the remuneration policy is designed in such a way as to provide the right incentives to achieve the key business aims of the Company.

The Company's remuneration, consists of fixed and variable components which are appropriately balanced so that the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components, including the possibility to pay no variable remuneration component.

Table 2: Aggregate Quantitative Information on Remuneration broken down by business area

€ thousands	No. of staff	Fixed	Variable	Non-cash	Total
Board of Directors	4	109	0	0	109
Senior Management (Excluding Board Members)	0	0	0	0	0
Heads of Departments (Excluding Board or Senior Members)	4	71.50	0	0	71.50
Grand Total	6	180.50	0	0	180.50

2.8. Directorships held by Members of the Management Body

The Company's members of the Management Body, and in particular of the non-Executive positions, are often experienced professionals and businessmen that are invited to participate in other corporate boards. In line with this, the Company is responsible to approve and monitor such individuals in terms of conflicts of interest. In 2020, the following table summarizes the number of positions that each member holds:

Table 3: Directorships held by Members of the Management Body

Name	Position in the Company	Executive Directorships	Non-Executive Directorships
Mr. George Miltiadous	Independent Non Executive	**1**	**1**
Mr. George Stylianou	Independent Non Executive	**1**	**2**
Mrs. Maya Radoslavova	Executive Director	**1**	**1**
Mr. Jin Liu	Executive Director	**1**	**0**

2.9. Regulatory Reporting

In line with the requirements set out in the Law, the Company has been able to maintain a good information flow to the Management body, as it can be seen below:

Table 4: Periodic Reporting Summary

Report	Description	Responsible Person	Recipients	Frequency	Due Date
Annual Compliance Report	To inform the Senior Management & the BoD of the Company regarding the Performance of Compliance function during the year	Compliance Officer	BoD, CySEC	Annual	**30/04/2021**
Annual Internal Audit Report	To inform the Senior Management & the BoD of the Company regarding the Internal Auditor during the year	Internal Auditor	BoD, CySEC	Annual	**30/04/2021***
Annual Risk Management Report	Represents the work & activities undertaken by the Risk Manager during the year	Risk Manager	BoD, CySEC	Annual	**30/04/2021**
Annual Anti-Money Laundering Compliance Report	To inform the Senior Management & the BoD of the Company regarding the Performance of Anti-Money Laundering function during the year	AML Compliance Officer	BoD, CySEC	Annual	**31/03/2021****
Pillar III Disclosures (Market Discipline and Disclosure	The Company is required to disclose information regarding its risk management, capital structure, capital adequacy and risk exposures	Risk Manager	BoD, CySEC, Public	Annual	**30/04/2021**
Financial Reporting	It is a formal record of the financial activities of the CIF	External Auditor	BoD, CySEC	Annual	**30/04/2021**
Capital Adequacy Reporting	A measure of the CIF's capital. It is expressed as a percentage and is used to monitor and promote the stability and efficiency of financial systems all over the world	Risk Manager / Accounting	Senior Management, CySEC	Quarterly	**11/05/2020** **11/08/2020** **11/11/2020** **11/02/2021**

*Submission deadline has been extended to 30th June 2021, amid the impact of COVID-19

**Submission deadline has been extended to 31st May 2021, amid the impact of COVID-19

3. Capital Management and Adequacy

Capital management and adequacy of liquid funds are paramount priorities of both regulators and investment firms. The Company, operates in line with these priorities, continuously monitoring its capital reserves and risk exposures. This is currently performed in accordance with the Capital Requirements Regulation.

3.1. Regulatory Capital

In line with the International Financial Reporting Standards (IFRS) and CRR, the Company's regulatory capital mainly consists of Common Equity Tier 1 Capital.

Common Equity Tier 1 capital is composed primarily of ordinary shares (net of repurchased shares and treasury shares) and related share premium accounts and retained earnings. Other components can be included only if they are in accordance with the strict CRR rules. Additionally, and in line with the above, deductions from the Common Equity Tier 1 capital involve mainly the removal of current year loses, estimated dividend payments as well as goodwill and intangible assets.

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.

3.2. Capital Ratio

The capital (adequacy) ratio is a key metric for a financial institution and is calculated by comparing the institutions' capital base with the sum of risk-weighted assets from 3 major risk categories (credit, market, operational risk). The calculation always follows a strict set of rules defined in CRR. The minimum Total Capital Ratio that must be maintained **AT ALL** times is 8%.

The Company, as at 31 December 2020, had a Total Capital Ratio of 14.47%.

3.3. 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
- Preserving its financial flexibility to finance organic growth
- 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 its various stakeholders: regulators, debt and equity investors, rating agencies, and shareholders

The Company determines its internal capital adequacy targets 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 2020 in comparison with 2019:

Table 5: Capital Requirements

€ thousands	**Dec 31, 2020 (Audited)**	**Dec 31, 2019 (Audited)**
CAR Ratio	14.47%	10.85%
CAR Ratio surplus	6.47%	2.85%
Capital Adequacy (CET1) ratio	14.47%	10.85%
CET1 Capital	125	131
Tier 1 Capital	125	131
Tier 2 Capital	0	0
Total Own Funds	125	131
Total Own Funds surplus	0	6
Total Credit Risk exposure	88	91
Total Market Risk Exposure	0	0
Additional Fixed Overhead Risk Exposure	774	1.120
Total Risk Exposure	862	1.211
Leverage ratio	N/A	N/A
Capital Buffers	N/A	N/A

Table 6: Regulatory Capital (Full-Phased in, no transition)

€ thousands	**Dec 31, 2020 (Audited)**	**Dec 31, 2019 (Audited)**
Common Equity Tier 1 (CET 1) capital: instruments and reserves		
Capital instruments and the related share premium accounts	1.406	1.131
Retained earnings	(959)	(572)
Accumulated other comprehensive income (loss), net of tax	(283)	(387)
Other	0	0
Common Equity Tier 1 (CET 1) capital before regulatory adjustments	164	172
Common Equity Tier 1 (CET 1) capital: regulatory adjustments		
Goodwill and other intangible assets (net of related tax liabilities) (negative amount)	0	0
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liabilities where the conditions in Art. 38 (3) CRR are met) (negative amount)	0	0
Direct, indirect and synthetic holdings by the institution of the CET 1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above the 15 % threshold and net of eligible short positions) (negative amount)	0	0
Other regulatory adjustments	(39)	(41)
Total regulatory adjustments to Common Equity Tier 1 (CET 1) capital	(39)	(41)
Common Equity Tier 1 (CET 1) capital	125	131
Additional Tier 1 Capital	0	0
Tier 1 Capital	125	131
Tier 2 Capital	0	0
Total Capital	125	131
Total risk-weighted assets	862	1.211
Capital Ratios		
Common Equity Tier 1 (CET 1) capital ratio	14.47%	10.85%
Tier 1 Capital ratio	14.47%	10.85%
Total Capital ratio	14.47%	10.85%

4. Credit Risk

Credit risk corresponds to the risk of losses arising from the inability of the Company's customers, issuers or other counterparties to meet their financial commitments.

Credit risk mainly arises by the Company's deposits in credit and financial institutions and by assets mainly held from debtors or prepayments made.

The Company follows the Standardized Approach under Pillar I for calculating its Credit Risk Capital Requirements, as specified in CRR. It categorizes the assets in respect to their exposure class and uses the Credit Quality methodology (point 4.1 below) to determine its Risk Weights (RW).

The Company follows both regulatory and compliance-oriented credit risk mitigation strategies in order to minimize the possibility of occurrence of this risk, such as:

- All Client funds are held in segregated accounts, separated from Company's funds.
- The Company maintains regular credit review of counterparties, identifying the key risks faced and reports them to the Board of Directors, which then determines the firm's risk appetite and ensures that an appropriate amount of capital is maintained.
- In order to maintain its Credit risk to the minimum, the Company is using EU credit institutions for safekeeping of funds and always ensures that the banks it cooperates with have high ratings based on top credit rating agencies (Moody's, S&P or Fitch), it frequently monitors their compliance with the EU regulatory framework and diversifies the funds over several credit institutions thus mitigating the risk exposure efficiently.

Further to the above, the Company has policies to diversify credit risk and to limit the amount of credit exposure (concentration risk) to any particular counterparty, at all times.

4.1. Credit Ratings

For the purpose of calculating the capital requirements of the Company, mainly under the credit risk requirement, the Company sources its credit ratings from **Moody's Analytics.**

Based on the above, the Company uses the rating values and matches them to the relevant Credit Quality Step as per CRR in order to calculate the weighted credit risk exposure:

Credit Quality Step	Moody's Rating	Institution Risk Weight (Below 3 months)	Institution Risk Weight (Above 3 months)	Sovereigns (Central Government) Risk Weight	Corporate Risk Weight
1	**Aaa to Aa3**	**20%**	**20%**	**0%**	**20%**
2	**A1 to A3**	**20%**	**50%**	**20%**	**50%**
3	**Baa1 to Baa3**	**20%**	**50%**	**50%**	**100%**
4	**Ba1 to Ba3**	**50%**	**100%**	**100%**	**100%**
5	**B1 to B3**	**50%**	**100%**	**100%**	**150%**
6	**Caa1 and below**	**150%**	**150%**	**150%**	**150%**

For exposures to regional governments or local authorities, public sector entities and institutions, the external ratings are applied in the following priority (i) Issuer/Exposure, (ii) Issuer/Counterparty, (iii) Sovereign.

For exposures to central governments or central banks and corporates the external ratings are applied in the following priority (i) Issuer/Exposure, (ii) Issuer/Counterparty.

Where exceptions or discretions as per the CRR apply, the external ratings are not taken into consideration and a preferential treatment is followed.

4.2. Exposure Analysis

At 31st December 2020, the Company's capital requirements for credit risk amounted to EUR 7,016 (EUR 87,703 total risk-weighted credit risk exposure). The tables below indicate the Company's credit risk exposure.

Table 7: Asset Class Breakdown of Net Credit Risk Exposure and Minimum Capital Requirement as at 31 December 2020, € thousands

Asset Class	Net value of exposures at the end of the period	Minimum capital requirement
Central governments or central banks	0	0
Public sector entities	0	0
Institutions	19	1
Corporates	2	0
Of which: SMEs		
Retail	23	2
Of which: SMEs		
Equity exposures	0	0
Other exposures	43	4
Total risk weighted assets	87	
Total Credit Risk Capital Requirements		7

Table 8: Exposures Post Value Adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by Exposure Class, € thousands

Asset class	Exposure before CRM	Exposure after CRM
Central governments or central banks	0	0
Public sector entities	0	0
Institutions	19	19
Corporates	2	2
Of which: SMEs		
Retail	23	23
Of which: SMEs		
Equity exposures	0	0
Other exposures	43	43
Total risk weighted assets	87	87
Total Credit Risk Capital Requirements	7	7

Table 9: Exposures Post Value Adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by Significant Geographic Area and Material Exposure Class, € thousands

Asset class	Cyprus	Australia	Switzerland	Total
Central governments or central banks	0	0	0	0
Public sector entities	0	0	0	0
Institutions	19	0	0	19
Corporates	2	0	0	2
Of which: SMEs				
Retail	23	0	0	23
Of which: SMEs				
Equity exposures	0	0	0	0
Other exposures	43	0	0	43
Total risk weighted assets	87	0	0	87
Total Credit Risk Capital Requirements	7	0	0	7

Table 10: Exposures Post Value Adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by Industry and Exposure Class, € thousands

Asset class	Financial Services	Payment Processors	Not Applicable	Total
Central governments or central banks	0	0	0	**0**
Public sector entities	0	0	0	**0**
Institutions	19	0	0	**19**
Corporates	0	0	2	**2**
Of which: SMEs				
Retail	0	0	23	**23**
Of which: SMEs				
Equity exposures	0	0	0	**0**
Other exposures	0	0	43	**43**
Total risk weighted assets	19	0	68	**87**
Total Credit Risk Capital Requirements	1	0	6	**7**

Table 11: Exposures Post Value Adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by Residual Maturity and by Material Exposure Class, € thousands

Asset class	Up to 3 months	More than 3 months	Total
Central governments or central banks	0	0	0
Public sector entities	0	0	0
Institutions	19	0	19
Corporates	0	2	2
Of which: SMEs			
Retail	0	23	23
Of which: SMEs			
Equity exposures	0	0	0
Other exposures	0	43	43
Total risk weighted assets	19	68	87
Total Credit Risk Capital Requirements	1	6	7

Table 12: Credit Quality Concentration, € thousands

Credit Quality Step	Exposure before CRM	Exposure after CRM
1	0	0
2	0	0
3	0	0
4	87	87
5	0	0
6	0	0
Unrated	0	0
Total	87	87

5. 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. These parameters include but are not limited to exchange rates, interest rates, and the price of securities (equity, bonds), commodities, derivatives and other assets. Market risk mainly arises from:

1. *Position Risk*: It refers to the probability of loss associated with a particular trading/security (long or short) position due to price changes.
2. *Interest rate risk*: The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
3. *Commodities Risk*: It refers to the uncertainties of future market values and of the size of the future income, caused by the fluctuation in the prices of commodities. These commodities may be oil, metals, gas, electricity etc.
4. *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. The foreign exchange risk in the Company is effectively managed by the establishment and control of foreign exchange limits, such as through the establishment of maximum value of exposure to a currency pair as well as through the utilization of sensitivity analysis.

The Company monitors its market risk exposures on a quarterly basis and has policies in place to mitigate excess exposure.

In 2020, the Company's market risk mainly emanated from foreign exchange fluctuations which affect the Company's deposits in banks or reserves held that are denominated in foreign currencies as well as from positions held during FX trading or positions held in assets denominated in foreign currencies.

5.1. Exposure Analysis

The Company's capital requirements related to market risk are mainly determined using the standardized approach and as at 31 December 2020, total capital usage for market risk can be seen below:

Table 13: Market risk capital requirements

€ thousands	RWAs	Capital Requirements
Foreign exchange risk	0	0
Total	0	0

6. Operational Risk

Operational risk corresponds to the risk of losses/failure arising from inadequacies or failures in internal procedures, systems or staff, or from external events, including low-probability events that entail a high risk of loss. (This section describes the monitoring of the Company's operational risk, in addition to providing an analysis of the Company's operational risk profile and regulatory capital requirements)

The Company has developed processes, management tools and a control infrastructure to enhance the Company-wide control of its operational risks that are inherent in its various activities. 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 recognises that the control of operational risk is directly related to effective and efficient management practices and high standards of corporate governance and with this "policy" like approach aims to minimise the impact of losses suffered, both in the normal course of business (small losses) and from extreme events (large losses), and to improve the effective management of the Company and strengthen its brand and external reputation.

In extend, the management of operational risk is geared towards:

- Maintaining a strong internal control governance framework.
- Managing operational risk exposures through a consistent set of processes that drive risk identification, assessment, control and monitoring.

In line with the above, the Company implements the below mitigation strategies in order to minimize its Operational Risks and to develop risk awareness and culture:

- Provide of adequate information to the Company's management, in all levels, in order to facilitate decision making for risk control activities.
- Implement a strong system of internal controls to ensure that operational losses do not cause material damage to the Company and have a minimal impact on profitability and objectives.
- Implement improvements on productivity, efficiency and cost effectiveness, with an objective to improve customer service and protect shareholder value.
- Establish a "four-eye" structure and board oversight. This structure ensures the separation of power regarding vital functions of the Company namely through the existence of a Senior Management. The Board further reviews any decisions made by the Management while monitoring their activities;
- Implement improvements on its methods of detecting fraudulent activities;
- Updating its business contingency and disaster recovery plan.

Finally, the Senior Management employs specialized tools and methodologies to identify, assess, mitigate and monitor operational risk. These specialized tools and methodologies assist operational risk management to address any control gaps. To this effect, the following are implemented:

- Incident collection

- Key Risk Indicators
- Business Continuity Management
- Training and awareness

6.1. Exposure Analysis

For the calculation of operational risk in relation to the capital adequacy reporting, the Company uses the fixed overhead method.

Based on the relevant calculations the Company's capital requirement in respect to operational risk, as at 31 December 2020, was EUR 69 thousands, while the risk-weighted exposure was EUR 862 thousands.

7. Liquidity risk

Liquidity risk corresponds to the risk of the Company not being able to meet its cash or collateral requirements as they arise and at a reasonable cost.

The Company's primary objective is to ensure the funding of its activities in the most cost-effective way by managing liquidity risk and adhering to regulatory constraints. The principles and standards applicable to the management of liquidity risks are defined by the Company's governing bodies, whose duties in the area of liquidity are listed below:

- The Company's Board of Directors establishes the level of liquidity risk tolerance as part of the Risk Appetite exercise and meets regularly to examine the Company's liquidity risk situation (on a quarterly basis)
- The Senior Management sets budget targets in terms of liquidity and allocates liquidity reserve accordingly

To minimize its exposure to liquidity risk, the Company implements the below mitigation strategies:

- Regular analysis & reporting to the Board of Directors on the funding needs of the Company
- Monitoring of the Company's exposures and diversification to avoid rise of concentration risk as per the internal policies

The Company has undertaken a specific review of its liquidity risks and believes that it is able to meet its upcoming obligations. As at 31/12/2020, the Company held EUR 93,759 in its bank accounts.

Safeguarding of client Assets.

The Company is taking due care in safeguarding these assets and performs the following mitigation strategies:

- These assets are held by the Company in a fiduciary capacity and are not included in the Company's funds nor its financial statements
- The funds are held in client segregated bank accounts
- Frequent reconciliations are performed internally and also from the External Auditors which also are tasked to verify and submit to CySEC annual reports

8. Compliance, Reputational and Legal Risks

Compliance risk corresponds to the risk of legal, administrative or disciplinary sanctions or material financial losses, arising from failure to comply with the provisions governing the Company's activities.

Compliance means acting in accordance with applicable regulatory rules, as well as professional, ethical and internal principles and standards. Fair treatment of customers, with integrity, contributes decisively to the reputation of the Company.

By ensuring that these rules are observed, the Company works to protect its customers and, in general, all its counterparties, employees, and shareholders.

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. The Compliance Officer is responsible for:

- The Company's financial security (prevention of money laundering and terrorism financing; know-your-customer obligations; embargoes and financial sanctions)
- Developing and updating consistent standards for the function, promoting a compliance culture, coordinating employee training and managing Company regulatory projects
- Coordinating a compliance control mechanism within the Company, overseeing a normalised Compliance process, oversight of personnel operations and, finally, managing large IT projects for the function
- Preventing and managing conflicts of interest
- Proposing ethical rules to be followed by all Company employees
- Training and advising employees and raise their awareness of compliance issues
- Building and implementing steering and organisational tools for the function: Compliance and Reputational Risk dashboards, forums to share best practices, meetings of functional compliance officers
- Generally monitoring subjects likely to be harmful to the Company's reputation

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

8.7. Anti-Money Laundering and Terrorist Financing

Money laundering and terrorist financing risk mainly refers to the risk where the Company may be used as a vehicle to launder money and/or assist/involved in financing terrorism.

The Company has in place 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:

- The adoption of a risk-based approach that involves specific measures and procedures in assessing the most cost effective and appropriate way to identify and manage the Money Laundering and Terrorist Financing risks faced by the Company
- The adoption of adequate Client due diligence and identification procedures in line with the Clients' assessed Money Laundering and Terrorist Financing risk
- Setting certain minimum standards of quality and extent 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 and for the effective management of any increased risk emanating from a Business Relationship or an Occasional Transaction
- Monitoring and reviewing the business relationship or an occasional transaction with clients and potential clients of high-risk countries
- ensuring that the Company's personnel receive the appropriate training and assistance

The Company is frequently reviewing its policies, procedures and controls with respect to money laundering and terrorist financing to ensure top level compliance with the applicable legislation.

9. Reference table to CRR

CRR Ref	High Level Summary	Compliance Reference
Scope of disclosure requirements		
431(1)	Requirement to publish Pillar III disclosures.	Paragraph 1.2
431(2)	Disclosure of operational risk information.	Paragraph 6
431(3)	Institution must have a policy covering frequency of disclosures. Their verification, comprehensiveness and overall appropriateness.	Paragraph 1.1
431(4)	Explanation of ratings decisions to SMEs upon request.	N/A
Frequency of disclosure		
433	Disclosures must be published once a year at a minimum, in conjunction with the date of publication of the financial statements.	Paragraph 1.2
Means of disclosures		
434(1)	To include disclosures in one appropriate medium or provide clear cross-references to other media.	Paragraph 1.2
434(2)	Equivalent disclosures made under other requirements (i.e., accounting) can be used to satisfy Pillar III if appropriate.	Paragraph 1.2
Risk management objectives and policies		
435(1) (a)	Disclosure of information as regards strategies and processes, organisational structure of the relevant risk management function, reporting and measurement systems and risk mitigation/hedging policies	N/A
435(1) (b)		N/A
435(1) (c)		N/A
435(1) (d)		N/A
435(1) (e)	Declaration approved by the BoD on adequacy of risk management arrangements	Page 3
435(1) (f)	Concise risk statement approved by the BoD	Page 3
435(2)	Information, once a year at a minimum, on governance arrangements.	Paragraph 2
435(2) (a)	Number of directorships held by members of the BoD.	Paragraph 2.8
435(2) (b)	Recruitment policy of BoD members, their experience and expertise.	Paragraph 2.6
435(2) (c)	Policy on diversity of BoD members, its objectives and results against targets.	Paragraph 2.5
435(2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	Paragraph 2.4
435(2) (e)	Description of information flow on risk to BoD.	Paragraph 2.9
Scope of application		
436(a)	Name of institution.	Paragraph 1.1
436 (b)	Difference on the basis of consolidation for accounting and prudential purposes, naming entities that are:	N/A
436 (b) (i)	Fully consolidated;	N/A
436 (b) (ii)	Proportionally consolidated;	N/A
436 (b) (iii)	Deducted from own funds;	N/A
436 (b) (iv)	Neither consolidated nor deducted.	N/A
436 (c)	Impediments to transfer of funds between parent and subsidiaries.	N/A
436 (d)	Capital shortfalls in any subsidiaries outside of scope of consolidation and their names (if any).	N/A
436 (e)	Use of articles on derogations from (a) prudential requirements or (b) liquidity requirements for individual subsidiaries / entities.	N/A

Own Funds		
437 (1)	Requirements regarding capital resources table	Paragraph 3.3
437 (1)		Paragraph 3.3
437 (1) (a)		Paragraph 3.3
437 (1) (b)		Paragraph 3.3
437 (1) (c)		Paragraph 3.3
437 (1) (d) (i)		Paragraph 3.3
437 (1) (d) (ii)		Paragraph 3.3
437 (1) (d) (iii)		Paragraph 3.3
437 (1) (e)		Paragraph 3.3
437 (1) (f)		Paragraph 3.3
437(2)	EBA shall develop implementation standards for points (a), (b), (d) and (e) above	N/A
Capital Requirements		
438(a)	Summary of institution's approach to assessing adequacy of capital levels.	Paragraph 2
438(b)	Result of ICAAP on demand from competent authority.	Paragraph 2
438(c)	Capital requirement amounts for credit risk for each Standardised approach exposure class (8% of risk-weighted exposure).	Paragraph 4
438(d)	Capital requirements amounts for credit risk for each Internal Ratings Based approach exposure class.	N/A
438(d) (i)		N/A
438(d) (ii)		N/A
438(d) (iii)		N/A
438(d) (iv)		N/A
438(e)	Capital requirements amount for market risk or settlement risk, or large exposures where they exceed limits.	Paragraph 5
438(f)	Capital requirement amounts for operational risk, separately for the basic indicator approach, the Standardised approach, and the advanced measurement approaches as applicable.	Paragraph 6.1
Exposure to counterparty credit risk (CCR)		
439(a)	Description of methodology to assign internal capital and credit limits for counterparty credit exposures.	N/A
439(b)	Discussion of policies for securing collateral and establishing reserves.	N/A
439(c)	Discussion of policies as regards wrong-way exposures.	N/A
439(d)	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	N/A
439(e)	Derivation of net derivative credit exposure.	N/A
439(f)	Exposure values for mark-to-market, original exposure, standardised and internal model methods.	N/A
439(g)	Notional value of credit derivative hedges and current credit exposure by type of exposure.	N/A
439(h)	Notional amounts of credit derivative transactions for own credit, intermediation, bought and sold, by product type.	N/A
439(i)	Estimation of alpha, if applicable.	N/A
Credit Risk Adjustments		
442(a)	Definitions for accounting purposes of 'past due' and 'impaired'.	N/A
442(b)	Approaches for calculating credit risk adjustments.	Paragraph 4.2

442(c)	Exposures post-value adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by different types of exposures.	Paragraph 4.2
442(d)	Exposures post value adjustments (before applying Credit Risk Mitigation and after applying credit conversion factors) by significant geographic areas and material exposure classes.	Paragraph 4.2
442(e)		Paragraph 4.2
442(f)	Exposures post value adjustments by residual maturity and by material exposure class.	Paragraph 4.2
442(g)	Breakdown of impaired, past due, specific and general credit adjustments, and impairment charges for the period, by exposure class or counterparty type.	N/A
442(g) (i)		N/A
442(g) (ii)		N/A
442(g) (iii)		N/A
442(h)	Impaired, past due exposures, by geographical area, and amounts of specific and general impairment for each geography.	N/A
442(i)	Reconciliation of changes in specific and general credit risk adjustments.	N/A
442(i) (i)		N/A
442(i) (ii)		N/A
442(i) (iii)		N/A
442(i) (iv)		N/A
442(i) (v)		N/A
442 endnotes	Specific credit risk adjustments recorded to income statement are disclosed separately.	N/A
Unencumbered assets		
443	Disclosures on unencumbered assets.	N/A
Use of ECAI's		
444(a)	Names of the nominated ECAIs used in the calculation of Standardised approach RWAs, and reasons for any changes.	Paragraph 4
444(b)	Exposure classes associated with each ECAI.	Paragraph 4.2
444(c)	Description of the process used to transfer the issuer and issue credit assessments onto items not included in the trading book;	Paragraph 4.2
444(d)	Mapping of external rating to credit quality steps.	Paragraph 4.2
444(e)	Exposure values pre- and post-credit risk mitigation, by credit quality step.	Paragraph 4.2
Exposure to market risk		
445	Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.	Paragraph 5
Operational Risk		
446	Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered.	Paragraph 6
Exposures in equities not included in the trading book		
447(a)	Differentiation between exposures based on their objectives and overview of the accounting techniques and valuation methodologies used.	N/A
447(b)	Recorded at fair value and actual prices of exchange traded equity where it is materially different from fair value.	N/A
447(c)	Types, nature and amounts of the relevant classes of equity exposures.	N/A
447(d)	Cumulative realised gains and losses on sales in the period.	N/A
447(e)	Total unrealised gains or losses, latent revaluation gains or losses and amounts included in Tier 1 capital.	N/A

Exposure to interest rate risk on positions not included in the trading book		
448(a)	Nature of interest rate risk and key assumptions in measurement models.	N/A
448(b)	Variation in earnings, economic value, or other measures used from upward and downward shocks to interest rates, by currency.	N/A
Remuneration Disclosures		
450	Remuneration Policy	Paragraph 2.7
Leverage		
451(1) (a)	Leverage ratio and analysis of total exposure measure, including reconciliation to financial statements, and derecognised fiduciary items.	N/A
451(1) (b)		N/A
451(1) (c)		N/A
451(1) (d)	Description of the risk management process to mitigate excessive leverage and factors that had an impact on the leverage ratio during the year.	N/A
451(1) (e)		N/A
451(2)	EBA shall develop implementation standards for points above.	N/A
Use of Credit Risk mitigation techniques		
453(a)	Policies and processes, and an indication of the extent to which the CIF makes use of on- and off-balance sheet netting.	N/A
453(b)	Policies and processes for collateral valuation and management.	N/A
453(c)	Description of types of collateral used by the CIF.	N/A
453(d)	Types of guarantor and credit derivative counterparty, and their creditworthiness.	N/A
453(e)	Information about market or credit risk concentrations within the credit mitigation taken.	N/A
453(f)	For exposures under either the Standardised or Foundation IRB approach, disclosure of the exposure value covered by eligible collateral.	N/A
453(g)	For exposures under either the Standardised or Foundation IRB approach, disclosure of the exposure covered by guarantees or credit derivatives.	N/A
Use of the Advanced Measurement Approaches to operational risk		
454	Description of the use of insurance or other risk transfer mechanisms for the purpose of mitigating operational risk.	N/A