



Regulated by the Cyprus Securities and Exchange Commission License no. 337/17

DISCLOSURE AND MARKET DISCIPLINE REPORT FOR 2021

June 2022

DISCLOSURE

*The Disclosure and Market Discipline Report for the year 2021 has been prepared by **Wise Wolves Finance Ltd** as per the requirements of Regulation (EU) No. 2019/2033 (the IFR) and the Directive (EU) No. 2019/2034 (the IFD) issued by the Cyprus Securities and Exchange Commission.*

Wise Wolves Finance 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.

Wise Wolves Finance Ltd is regulated by the Cyprus Securities and Exchange Commission under Licence number 337/17.

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1. SCOPE OF APPLICATION

1.1. Pillar III Regulatory Framework

The present report is prepared by Wise Wolves Finance Ltd (the “Company”), an independent investment company established in 2016 in Cyprus as part of Wise Wolves Group (“WWG”), providing Investment services in international markets. The Company is registered in Cyprus under registration number HE 361580 and licensed by the Cyprus Securities and Exchange Commission (“CySEC”), to operate as a Cypriot Investment Firm, under License number 337/17 dated 25/09/2017.

Since 14 December 2017, the Company is controlled by Wise Wolves Group Ltd, incorporated in Cyprus which owns 100% of the Company’s shares.

In accordance with Regulation (EU) No. 2019/2033 (the “Investment Firms Regulation”, “IFR”), which came into force in 2021, the Company is required to disclose information relating to its risk management objectives and policies, own funds structure and requirements, 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.

The information disclosed in this report is related to the year ended 31st December 2021 (based on audited financial statements) and is prepared on an individual (solo) basis.

The regulatory framework is comprised of three pillars:

- **Pillar I** covers the calculation of Own Funds and liquidity requirements.
- **Pillar II** covers the Supervisory Review and Evaluation Process (“SREP”), which assesses the Internal Capital Adequacy and Risk Assessment Process (the “ICARA”) and provides for the monitoring and self-assessment of an IF’s internal capital and liquid assets.
- **Pillar III** covers external disclosures that are designed to provide transparent information on regulatory capital adequacy, risk exposures and risk management and internal control processes.

The Pillar III Market Discipline and Disclosure report was approved by the Board of Directors, approving the adequacy of risk management arrangements of the Company and providing assurance that the risk management systems in place are adequate with regards to the Company’s profile and strategy.



The information contained in the Pillar III Market Discipline and Disclosure report is to be published on the Company's website on an annual basis. The Pillar III Market Discipline and Disclosure report can be found at: <https://wise-wolves.finance/our-company/>.

Moreover, the Company is obliged to provide a copy of the external auditor's verification report to CySEC within 5 months after the end of each financial year (the extension has been granted by CySEC, new deadline is 31st of July 2022).

1.2. Corporate Information

Company Name	Wise Wolves Finance Ltd
CIF Authorization Date	25 September 2017
CIF License Number	337/17
Company Registration Date	25 October 2016
Company Registration Number	HE 361580

Financial instruments	Investment services and 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)															

* The extension was granted by CySec on the 3rd of March, 2022

Notation in regards to previous table:

I. Investment services and activities

1. Reception and transmission of orders in relation to one or more financial instruments;
2. Execution of orders on behalf of clients;
3. Dealing on own account.



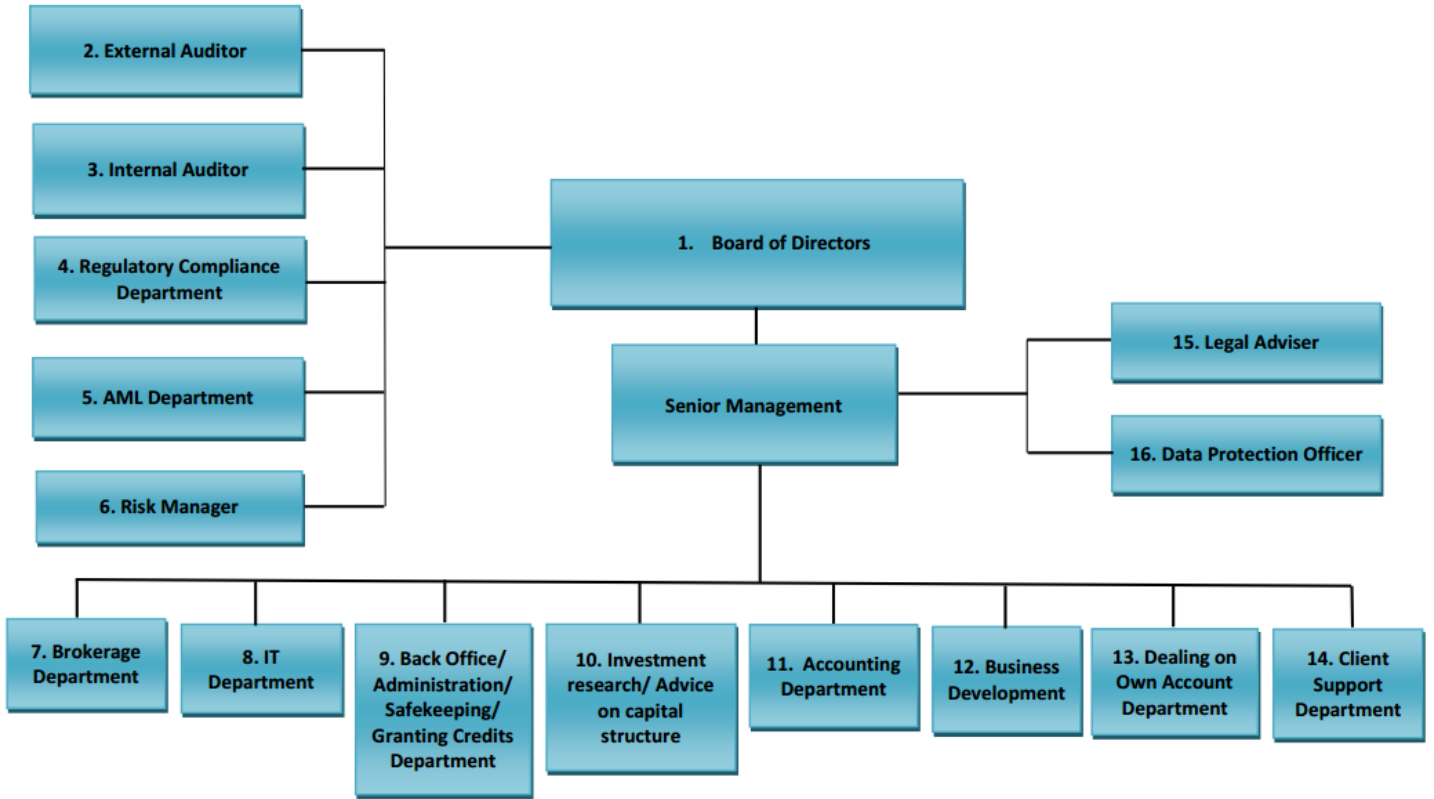
II. Ancillary Services

1. Safekeeping and administration of financial instruments, including custodianship and related services;
2. Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
3. Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
4. Foreign exchange services where these are connected to the provision of investment services;
5. Investment research and financial analysis or other forms.

III. Financial instruments

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event);
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market or/and an MTF;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in paragraph 6 above and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through recognised clearing houses or are subject to regular margin calls;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences (CFDs);
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of a default or other termination event), as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognised clearing houses or are subject to regular margin calls.

1.3 Organisational Structure



2. CORPORATE GOVERNANCE

2.1 Board of Directors

The Board of Directors (“Board”) of the Company consists of two Executive Directors and two Non-Executive Directors as at 31/12/2022.

The members of the Board of Directors exercise effective control on the company’s affairs and the non- executive members of the Board exercise control over the business carried out by the executive members of the Board.

The main responsibilities of the Board of Directors are:

- To establish, implement and maintain decision-making procedures and an organizational structure which clearly and in documented manner specifies reporting lines and allocates functions and responsibilities;
- To ensure that its relevant persons are aware of the procedures that must be followed for the proper discharge of their responsibilities;
- To establish, implement and maintain adequate internal control mechanisms designed to secure compliance with decisions and procedures at all levels of the CIF;
- To employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them;
- To establish, implement and maintain effective internal reporting and communication information at all relevant levels of the CIF;
- To maintain adequate and orderly records of its business and internal organization; and
- To ensure that the performance of multiple functions by its relevant persons does not and is no likely to prevent those persons from discharging any particular function soundly, honestly, and professionally.

Furthermore, the Board is responsible for establishing and amending the internal control procedures, where necessary. It also ensures that the Company has sufficient human and technical resources required for the performance of its duties.

The Chairman of the Board of Directors is responsible for the proper running of the Board and should ensure that all the issues on the agenda are sufficiently supported by relevant information. The Chairman also ensures that all directors are suitably informed on issues that arise during Board meetings.

At the compliance with the abovementioned requirements, the Company takes into account the nature, scale and complexity of the business of the firm, and the nature and range of investment services and activities undertaken in the course of that business.

Taking into account the value of its on and off-balance sheet assets, the Company is not required to and has not set up separate risk committee or remuneration committee.



2.2 Recruitment Policy

The purpose of this Policy is to set out the recruitment procedures and requirements for the staff of the Company, including the members of the Board of Directors. The Policy has been prepared taking into consideration what is appropriate to the Company's size, internal organization and the nature, scope and complexity of its activities.

Staff Recruitment

Recruitment and selection of the right people is paramount to the success of the Company and its ability to retain a workforce of the highest quality. The Company provides equal employment opportunity to all qualified persons, in accordance with the Equity and Diversity Policy described in Section 2.4 below. The relevant organizational unit manager obtains authorization for staff recruitment in compliance with the relevant procedure and then notifies the Human Resources ("HR") department. In cases where there is a planned expansion of activities the need for additional recruitment may come from the Board of Directors.

Performance is measured according to previously established and mutually understood goals between the employee and the Company. These goals are challenging but attainable and relating to the core responsibilities defined in the employee's job description. After the goals and objectives are established, the Executive Director sets criteria against which the employee's job performance will be evaluated. The performance review is conducted annually. The formal performance appraisal process includes a written record of the appraisal of prior period and the planning session for future goals.

A written Appraisal Form detailing the above elements is completed by the Executive Director and, thus, the spectrum of performance is recognized and substandard performance is addressed in terms of corrective action. The employee also receives a copy of this record. Documentation is retained for all employees for at least five years.

Board of Directors Recruitment

The management of a CIF must be undertaken by at least two persons meeting the requirements below:

- Members of the Board shall at all times be of sufficiently good repute and possess sufficient knowledge, skills and experience to perform their duties. The overall composition of the Board of directors shall reflect and adequately board range of experiences.
- All Board members shall commit sufficient time to perform their functions in the Company.



- The number of directorships which may be held by a member of the Board at the same time shall take into account individual circumstances and the nature, scale and complexity of the Company's activities. Unless representing the Republic, members of the Board of Directors of the Company that is significant in terms of its size, internal organization and the nature, the scope and the complexity of its activities shall not hold more than one of the following combinations of directorships at the same time:
 - a) One executive directorship and two non-executive directorships;
 - b) Four non-executive directorships.
- For the purposes of subsection above, the following shall count as a single directorship:
 - a) Executive or non-executive directorships held within the same group;
 - b) Executive or non-executive directorships held within:
 - i. institutions which are members of the same institutional protection scheme provided that the conditions set out in Article 113, paragraph (7) of Regulation (EU) No 575/2013 are fulfilled; or
 - ii. undertakings (including non-financial entities) in which the CIF holds a qualifying holding.
- Directorships in organisations which do not pursue predominantly commercial objectives shall not count for the purposes of the previous subsection.
- The Commission may allow members of the Board of Directors to hold additional non-executive directorships.
- The Board of Directors shall collectively possess adequate knowledge, skills experience to be able to understand the Company's activities, including the principal risks.
- Each member of the Board of Directors shall act with honesty, integrity and independence of mind to effectively assess and challenge the decisions of the senior management where necessary and to effectively oversee and monitor the decision-making of the management.

The chairman of the Board of Directors must not exercise simultaneously the functions of a chief executive officer within the Company, unless authorized by the Commission.

2.3 Number of Directorships held by members of Board of Directors

The table below provides the number of directorships held by each member of the management body of the Company at the same time in other entities, excluding Wise Wolves Finance Ltd and any other companies belonging to the same group as Wise Wolves Finance Ltd. Directorships in organizations which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below.



Number of Directorships

Name of Director	Position within Wise Wolves Finance Ltd	N. of Executive Directorships in other Entities		N. of Non-Executive Directorships in other Entities	
		In Other Entities	Regulated by	In Other Entities	Regulated by
Sergey Stopnevich	Executive Director	0	-	0	-
Anton Zykov	Executive Director	0	-	0	-
Svitlana Morozyk	Independent Non-Executive Director	1	CySEC	1	CySEC
Yevheniya Savchenko Paschalides	Independent Non-Executive Director	0	-	1	CySEC

2.4. Equity and Diversity Policy

The purpose of the Equity and Diversity policy is to:

- Create a positive and supportive working environment for all staff and customers.
- Protect employees from being discriminated against because of one or more of the protected characteristics that apply to them.
- Provide equal opportunity for everyone in the workforce, no matter their background or characteristics.
- Promote the diversity of the workforce, including the diversity on the Board of Directors.

The policy should be monitored and reviewed annually to ensure that equality and diversity is continually promoted in the workplace.

Through this policy, the Company aims to ensure that all employees and job applicants are given equal opportunity and that our organization is representative of all sections of society. Each employee will be respected and valued and able to give their best as a result.

This policy reinforces our commitment to provide equality and fairness to all in our employment and not provide less favourable facilities or treatment on the grounds of:

- age
- disability
- gender
- marriage and civil partnership
- pregnancy and maternity
- race
- ethnic origin
- colour
- nationality
- national origin
- religion or belief or
- sex and sexual orientation.



All employees, no matter whether they are part-time, full-time, or temporary, will be treated fairly and with respect. When the Company selects candidates for employment, promotion, training, or any other benefit, it will be on the basis of their aptitude and ability. All employees will be given help and encouragement to develop their full potential and utilise their unique talents. Therefore, the skills and resources of our organisation will be fully utilised and we will maximise the efficiency of our whole workforce.

In particular, the Company is committed to:

- create an environment in which individual differences and the contributions of all team members are recognised and valued.
- create a working environment that promotes dignity and respect for every employee.
- not tolerate any form of intimidation, bullying, or harassment, and to discipline those that breach this policy.
- make training, development, and progression opportunities available to all staff.
- promote equality in the workplace, which the Company believes is good management practice and makes sound business sense.
- encourage anyone who feels they have been subject to discrimination to raise their concerns, so the Company can apply corrective measures.
- encourage employees to treat everyone with dignity and respect.
- regularly review all our employment practices and procedures so that fairness is maintained at all times.

The policy is being distributed among all employees, and all of the employees are obligated to comply with its requirements and promote fairness in the workplace. The Company's equality and diversity policy is fully supported by senior management.

Board of Directors Composition

The Board of the Directors composition is one of the most important factors for the effectiveness of the business. Composition of the Board of Directors refers to the diversified backgrounds and expertise of the board members, the suitable balance of power on the Board between dependent and independent members as well as the gender diversity which is equally important. While the diversity shall be pursued, it shall not reduce the importance of other factors such as knowledge, skills, experience, background and reputation.

The Company recognizes that any differences in the ability, background, gender, age, nationality between members of the top management team can lead to value-creation for the company and thus improve performance.

The Company should make the efforts of equality between men and women in leadership positions. A target of at least 25% of the female representation in the board of directors has been set and met during the year.



2.5 Training

During the year, the Company's employees and directors, including the Risk Manager, attended courses on the applicable Compliance/AML legislation and relevant procedures and Risk Management. The Board is updated on a regular basis on changes to CySEC regulations.

During the year all of the company employees completed training designed by reputable providers, in accordance with the CySEC training requirements.

2.6 Reporting and Control

In line with the requirements set out in the Law and subsequent Directives, the Company has been able to maintain a good information flow on risk to the management body, as can be seen below:

Information of flow for Wise Wolves Finance Ltd

Report Name	Owner	Recipient	Frequency
Risk Management Report	Risk Manager	Board, CySEC	Annual
Pillar I Form 165-01 (both solo and consolidated)	Risk Manager	Board,	Quarterly
Pillar III Disclosures (Market Discipline and Disclosure) - both solo and consolidated	Risk Manager	Board, CySEC, Public	Annual
ICARA Report	Risk Manager	Board	Annual
Prudential Supervision Information Form (Form 165-03)	Risk Manager, Finance Department	Board, CySEC	Annual
Recovery Plan & Form 20-01	Risk Manager	Board, CySEC	Every two years
Internal Audit Report	Internal Auditor	Board, CySEC	Annual
Compliance Report	AML/MIFID Compliance Officer	Board, CySEC	Annual
Anti-Money Laundering Report	AML/MIFID Compliance Officer	Board, CySEC	Annual
Financial Reporting	External Auditor	Board, CySEC	Annual



3. RISK MANAGEMENT OBJECTIVES AND POLICIES

3.1 Definition of Risk Management

Risk Management is the process of identification, analysis and evaluation of uncertainty in investment decision-making. As a result, it is treated accordingly; either accepted (in which case the Company allocates capital) or mitigated.

Risks should be continuously monitored and reviewed. In addition to that, outcomes and results should be properly reported and new objectives should be set.

The risk management function is further strengthened by the following control functions:

- Internal Audit (control function);
- Legal and Compliance (including the Anti-Money laundering and Terrorist Financing);
- Accounting and external audit; and
- Risk Management.

The Company's Risk Management framework encompasses the scope of risks to be managed, the process/systems and procedures to manage risk and the roles and responsibilities of individuals involved in risk management. This framework is comprehensive enough to capture all risks. The Company is exposed to and has flexibility to accommodate any change in business activities.

The Risk Manager reports directly to the Board of Directors, operates independently and is assigned the monitoring of the following:

- the adequacy and effectiveness of the Company's risk management policies and procedures;
- the level of compliance by the Company and its relevant persons with the arrangements, processes and mechanisms adopted; and
- the adequacy and effectiveness of measures taken to address any deficiencies in those policies, procedures, arrangements, processes and mechanisms, including failures by the relevant persons of the Company to comply with such arrangements, processes and mechanisms or follow such policies and procedures.

3.2 Risk Management Policy and Objectives

The Company's Risk Management Policy was formed with the view to elucidate the approach taken by the Company towards the risk confronted by the Company and the principles guiding its approach. The analysis refers to the risks confronted by the Company and the strategies employed for their mitigation or elimination. Importantly, the approach of the Company's management and the resulting policy adopted regarding the issue of risk is exemplified throughout.

It sets out the procedures and mechanisms regarding risks and it describes the roles and responsibilities of the Risk Manager. In addition to that, it identifies the main reporting procedures



and outlines the process followed by the Senior Management in order to evaluate the effectiveness of the Company's internal control procedures.

The Board of Directors annually approves/revise the proposed changes and performs the strategic overview and control of the Risk Management Policy.

The Risk Manager ensures that all different types of risks taken by the Company are monitored and reported to the Senior Management and the Board. Moreover, the Risk Manager is responsible for making recommendations and indicating in particular whether the appropriate remedial measures have been taken in the event of any deficiencies identified, as aforementioned.

The Senior Management bears the responsibility to monitor the adequacy and effectiveness of risk management policies and procedures that are in place, the level of compliance by the Company and its relevant persons with the policies and procedures adopted as well as the adequacy and effectiveness of measures taken to address any deficiencies with respect to those policies and procedures that are in place, including failures by the Company's relevant persons to comply with those policies and procedures.

The Company's Board receives on a regular basis written reports, which contain a description of the implementation and effectiveness of the overall control environment for investment services and activities, ancillary services and other business, and a review of the risks that have been identified, analysed, planned as well as remedies undertaken or that will be undertaken.

Processes are continuously being reviewed with the intent of further strengthening through the implementation of guidance provided by both the industry and new regulatory requirements. In addition, the entire Risk Management Policy universe has been re-designed to define an updated comprehensive and coherent framework for risk management, linked to the Company's risk appetite.

3.3. Risk Appetite Framework (RAF)

Risk appetite is the amount and type of risk that the Company is able and willing to accept in pursuing its business objectives. Risk appetite is expressed in both quantitative and qualitative terms and covers all risks, both on-balance sheet and off-balance sheet. Such risks include, but are not limited to, credit, market, operational, conduct, reputational, compliance and data security/IT risk.

An effective risk appetite statement is empowering in that it enables the decisive accumulation of risk in line with the strategic objectives of the Company while giving the Board and management confidence to avoid risks that are not in line with the strategic objectives.

The Board of Directors approved the following Risk Appetite Statement decided by Management:



Risk appetite statement

The Company's risk appetite is determined by its Board, following the recommendations of the Risk Manager and taking into account the Company's risk bearing capacity.

Risk appetite determines the maximum risk that the Company is willing to assume in order to meet its business targets. To ensure coherence between the Company's strategic considerations as regards risk taking and the day-to-day decisions, Management reviews and when deemed necessary updates the Company's risk appetite statement.

The Company's risk appetite is set by taking into consideration its current risk profile (please see below). The following are the main risk appetite statements which are applicable across all of the Company's activities:

- The available own funds over the total own funds requirement for Pillar I risks that the Company shall meet, is targeted to be greater than or equal to EUR 750K.
- CET1 ratio should under no circumstances fall below the minimum regulatory requirement imposed by CySEC – which is 56% of total own funds requirement.
- The Company has zero tolerance towards internal fraud and non-compliance with regulatory requirements. Therefore, all departments are required to operate at all times in compliance with respective regulatory requirements.
- The Company has limited tolerance towards operational risks / losses such as internal fraud, unauthorized trading limit excesses, data security and GDPR. Operational risks inherited in the business operations of the Company are managed proactively.

The Company's risk bearing capacity is defined as the ability of the Company's available capital to absorb adverse risk. The Company's available paid-up capital currently consists solely of CET1 capital, calculated after relevant deductions.

The risk appetite of the Company is the aggregate level and types of risk the Firm is willing to assume within its risk capacity to achieve its strategic objectives and business plan. Thus, Risk Appetite and Strategic Plan occur and evolve in parallel. The Risk Appetite enables the Company to demonstrate that the achievement of its strategic goals has not been the result of fortuitous circumstances.

In regards to the above, setting the corporate risk appetite without taking into account the risk capacity of the Company may have serious consequences. Risk capacity may be easy to quantify in terms of capital or required funding but it is more challenging to consider the point at which the Company's reputation is beyond repair.

The Board and Senior Management understand how the risk capacity impacts on the business and have taken the necessary steps in order to be in constant awareness, mitigating any potential threats.



3.4. Risk Culture

The Board has a crucial role in strengthening risk governance, including setting the ‘tone at the top’, reviewing strategy, and approving the Risk Appetite Statement. It is the Board that is ultimately responsible and accountable for risk governance.

A robust risk culture is a substantial determinant of whether the Company will be able to successfully execute its chosen strategy within its defined risk appetite. The risk culture that the Company wishes to build is reflected in its policies and procedures which are closely aligned to its Risk Appetite. Risk culture is manifested in the day-to-day decisions that indicate how risk is identified, understood, discussed, and acted upon.

The Company has focused primarily on the implementation of a firm-wide effective and pervasive risk culture. This is achieved through the following:

- Embedding the risk culture at all levels of the Company with clear ownership and accountability of tasks;
- Conducting firm-wide risk assessments;
- Implementing formal risk education presentations;
- Changes in policies and procedures, introducing additional risk criteria for the evaluation of credit and investment decisions;
- Changes in key personnel;
- Training.

3.5. Board Declaration – Adequacy of the Risk Management arrangements

The Board of Directors is ultimately responsible for the risk management framework of the Company.

Risk management framework is the sum of control systems, work processes and internal policies. These are designed with the aim to minimise the risks of not achieving business objectives, and - as such - offer reasonable but not absolute assurance against fraud, material misstatement and loss. The Board considers that it has in place adequate systems and controls with regards to the Company’s profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid or minimise loss.



3.6. Internal capital adequacy and risk assessment process (“ICARA”)

The ICARA process is a new requirement for investment firms, which is set out in the IFD. Investment firms that are in scope of the requirement must assess and maintain internal capital and liquid assets sufficient to cover the nature and level of risks which they may pose to others and to which the investment firms themselves are or might be exposed. The ICARA requirements include an obligation on the firm to maintain documentation setting out appropriate strategies and processes to ensure that it is able to meet the requirements.

Fundamental to the ICARA process is identifying risks and potential harms and considering what could go wrong to the point of failure of the firm. Investment firms need to consider ‘what-if’ scenarios for the activities they undertake, the harm that can be caused and the events leading to that harm. The assessment will need to factor in the likelihood of the events materialising, and that different events might occur at the same time.

The new ICARA process should replace the existing ICAAP, therefore new assessment of the liquidity adequacy, new financial projections and stress tests are to be established to reflect the new K-Factors requirement.

The ICARA report preparation has been already initiated and the capital planning is designed. It is expected that the new ICARA report will be presented to the board in the third quarter of the year 2022.

The report is being reviewed and updated annually, while it is submitted to CySEC upon its request as laid down at Article 50(b) of the IFR.

4. OWN FUNDS

The primary objective of the Company with respect to capital management is to ensure that the Company complies with the minimum own funds requirements stipulated in the IFR/IFD (under Pillar 1) in regards to the minimum Common Equity Tier 1 (CET1) ratio (being 56% of the total own funds requirement), Tier 1 (T1) ratio (75%), and the Total own funds ratio (100%).

During the Supervisory review and evaluation process, CySec can require investment firms to hold more capital if there are material changes to a firm's business or risk profile (under Pillar 2). The Company has not received any requirement regarding Pillar 2.

4.1. Composition of the regulatory own funds

The following information provides a reconciliation between the balance sheet presented in the audited Financial Statements and the balance sheet prepared for prudential purposes on an individual basis.

Own funds composition as at 31/12/2021:

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

	EUR '000	(a)	(b)
		Amounts	Source based on reference numbers/letters of the balance sheet in the audited financial statements
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	OWN FUNDS	5 801	N/A
2	TIER 1 CAPITAL	5 801	N/A
3	COMMON EQUITY TIER 1 CAPITAL	5 801	N/A
4	Fully paid up capital instruments	4	Note 20
5	Share premium	6 346	Note 20
6	Retained earnings	- 438	Note 20
7	Accumulated other comprehensive income	-	N/A
8	Other reserves	-	N/A
9	Minority interest given recognition in CET1 capital	-	N/A
10	Adjustments to CET1 due to prudential filters	-	N/A
11	Other funds	-	N/A
12	(-)-TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	- 56	N/A
13	(-) Own CET1 instruments	-	N/A



14	(-) Direct holdings of CET1 instruments	-	N/A
15	(-) Indirect holdings of CET1 instruments	-	N/A
16	(-) Synthetic holdings of CET1 instruments	-	N/A
17	(-) Losses for the current financial year	-	N/A
18	(-) Goodwill	-	N/A
19	(-) Other intangible assets	- 39	Notes 13, 14
20	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	N/A
21	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	N/A
22	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	N/A
23	(-) CET1 instruments of financial sector entities where the institution does not have a significant investment	-	N/A
24	(-) CET1 instruments of financial sector entities where the institution has a significant investment	-	N/A
25	(-) Defined benefit pension fund assets	-	N/A
26	(-) Other deductions	- 17	Note 19
27	CET1: Other capital elements, deductions and adjustments	- 55	Note 17
28	ADDITIONAL TIER 1 CAPITAL	-	N/A
29	Fully paid up, directly issued capital instruments	-	N/A
30	Share premium	-	N/A
31	(-) TOTAL DEDUCTIONS FROM ADDITIONAL TIER 1	-	N/A
32	(-) Own AT1 instruments	-	N/A
33	(-) Direct holdings of AT1 instruments	-	N/A
34	(-) Indirect holdings of AT1 instruments	-	N/A
35	(-) Synthetic holdings of AT1 instruments	-	N/A
36	(-) AT1 instruments of financial sector entities where the institution does not have a significant investment	-	N/A
37	(-) AT1 instruments of financial sector entities where the institution has a significant investment	-	N/A
38	(-) Other deductions	-	N/A
39	Additional Tier 1: Other capital elements, deductions and adjustments	-	N/A
40	TIER 2 CAPITAL	-	N/A
41	Fully paid up, directly issued capital instruments	-	N/A
42	Share premium	-	N/A
43	(-) TOTAL DEDUCTIONS FROM TIER 2	-	N/A
44	(-) Own T2 instruments	-	N/A
45	(-) Direct holdings of T2 instruments	-	N/A

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

4.2. Main features of the capital instruments

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

1	Issuer	Wise Wolves Finance Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	254900Y6DFIZ8ZX7WY93
3	Public or private placement	Private
4	Governing law(s) of the instrument	Cyprus Companies Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Share
6	Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	6,35
7	Nominal amount of instrument	1 EUR
8	Issue price	10 000 EUR
9	Redemption price	N/A
10	Accounting classification	Shareholders' Equity
11	Original date of issuance	25.10.2016
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
21	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
22	Existence of step up or other incentive to redeem	N/A
23	Noncumulative or cumulative	N/A
24	Convertible or non-convertible	Non-convertible
25	If convertible, conversion trigger(s)	N/A
26	If convertible, fully or partially	N/A
27	If convertible, conversion rate	N/A



28	If convertible, mandatory or optional conversion	N/A
29	If convertible, specify instrument type convertible into	N/A
30	If convertible, specify issuer of instrument it converts into	N/A
31	Write-down features	N/A
32	If write-down, write-down trigger(s)	N/A
33	If write-down, full or partial	N/A
34	If write-down, permanent or temporary	N/A
35	If temporary write-down, description of write-up mechanism	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
38	Link to the full term and conditions of the instrument (signposting)	N/A

4.3. Reconciliation of regulatory own funds to balance sheet

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

	EUR '000	a	b	c
		Balance sheet as in published/audited financial statements	Under regulatory scope of consolidation	Cross reference to EU IF CC1
Assets - Breakdown by asset classes according to the balance sheet in the published/audited financial statements				
1	Property, plant and equipment	0	0	N/A
2	Right-of-use assets	30	30	N/A
3	Intangible assets	9	9	N/A
4	Trade and other receivables	72	72	N/A
5	Loans receivable	5	5	N/A
6	Cash and cash equivalents	2 107	2 107	N/A
7	Financial assets at FVTPL	1 303	1 303	N/A
8	Pledged financial assets at FVTPL	8 777	8 777	N/A
xxx	Total Assets	12 304	12 304	
Liabilities - Breakdown by liability classes according to the balance sheet in the published/audited financial statements				
1	Obligations under REPO agreements	6 310	6 310	N/A
2	Obligations under leases	47	47	N/A
3	Trade and other payables	34	34	N/A
xxx	Total Liabilities	6 392	6 392	
Shareholders' Equity				
1	Share capital	4	4	4
2	Share premium	6 346	6 346	5
3	Accumulated losses/ Reserves	- 438	- 438	6
xxx	Total Shareholders' equity	5 912	5 912	

5. OWN FUNDS REQUIREMENTS

The primary objective of the Company with respect to its capital management is to ensure that the Company complies with the capital requirements regulation imposed by the European Union and regulated by CySEC.

Under this framework, the Company needs to monitor its capital base and maintain a strong capital adequacy ratio in order to be able to promote itself as a fully compliant and healthy Company, to support its business and maximize shareholders' value. In this respect, the Capital requirements should not be seen as a restriction of business but rather as proactive risk management imposed to help both the Company and its client base.

The Board, as well as the Risk Manager, monitor the reporting requirements and have policies and procedures in place to help meet the specific regulatory requirements. This is achieved through the preparation of accounts to monitor the financial and capital position of the Company.

The Company manages its capital structure and makes adjustments to it in light of the changes in the economic and business conditions and the risk characteristics of its activities.

The new prudential framework for Investment Firms (IFR/IFD) came into force in all EU Member States on June 26, 2021. The new framework has changed completely the way capital requirements are calculated for Investment Firms, which are categorised into three categories depending on their business activities, systemic importance, size, and interconnectedness.

WWF falls into the Class 2 category (IFs exceeding the categorisation thresholds for Small and Non-interconnected Investment Firms). The new minimal Pillar 1 Capital Requirement for the Company is the greatest of:

- A **Permanent Minimum Capital Requirement of 750 000 EUR**, as far as the CIF has the licence for Dealing on own account;
- A **Fixed Overhead Requirement at 25% of the firm's fixed overheads** in the previous year; and
- A **K-factors Requirement**, which is based upon risk exposure indicators ("K-factors") which are designed to measure risk to customers, counterparty credit risk, trading book market risk, and concentration risk (in the trading book and securities financing type of transactions including REPOs).



5.1. Capital Ratios

The total **Pillar I capital requirement for the Company (on an individual basis) for the year 2021 totals to 1 349K EUR** while the Total own funds amount to 5 801K EUR.

Minimum Capital Requirements on an individual basis as at 31.12.2021:

‘000 EUR	31.12.2021
1. Total Own Funds	5 801
2. Total Own Funds Requirement (as max of lines 2.1-2.3)	1 349
<i>2.1. Permanent minimum capital requirement</i>	<i>750</i>
<i>2.2. Fixed overheads requirement</i>	<i>249</i>
<i>2.3. Total K-Factor requirement</i>	<i>1 349</i>
3. CET1 Ratio Minimum requirement – 56% of total OF requirement	430.01%
4. Tier 1 Ratio Minimum requirement – 75% of total OF requirement	430.01%
5. Total Own Funds Ratio Minimum requirement – 100% of total OF requirement	430.01%
Surplus/(Shortfall) of total capital	4 452

5.2. Permanent minimum capital requirement

The Article 9 of the IFD provides the initial capital requirements for investment firms. The requirements depend on the types of activities the IF is authorised to provide and vary from 75 000 to 750 000 EUR.

The initial capital of a CIF which is authorised to provide any of the investment services or perform any of the investment activities listed in points (3) and (6) of Part I of Annex I to the Investment Services and Activities and Regulated Markets Law, shall be 750 000 EUR.

Since the Company has the licence for Dealing on own account, the minimum capital requirement is set in amount of 750 000 EUR.

5.3. Fixed overheads requirement

As laid out in Article 13 of the IFR, the fixed overheads requirement shall amount to at least one quarter of the fixed overheads of the preceding year. The fixed overheads are deducted by variable expenses, which are listed in RTS issued by EBA.

The Company’s fixed overheads requirement:

‘000 EUR	31.12.2021
Total expenses of the previous year after distribution of profits	1 873
Total deductions	-875
Annual Fixed Overheads of the previous year	997
Fixed Overhead Requirement	249



5.4. K-factor requirement

The IFR/ IFD set the totally new approach for the investment firms' risks calculation. The **K-factor Requirement** is implemented, which is based upon the risk exposure indicators ("K-factors"), capturing not only the balance sheet risks but P&L risks as well.

The K-factors Requirement amounts to at least the sum of the following:

- Risk-to-Client (RtC) K-factors 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).
- Risk-to-Market (RtM) K-factors captures net position risk (K-NPR) in accordance with the market risk provisions of Regulation (EU) No 575/2013 or, where permitted by the competent authority, based on the total margins required by an investment firm's clearing member (K-CMG). The Company doesn't deal on own account through clearing members.
- Risk-to-Firm (RtF) K-factors 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 Regulation (EU) No 575/2013, concentration risk in an investment firm's large 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-DTF).

The table below provides the information on the amount of the total K-factor requirement for the Company and the K-factors that form it:

EUR '000	31.12.2021
TOTAL K-FACTOR REQUIREMENT	1 349
Risk to client	28
K-AUM Assets under management	-
K-CMH Client money held - Segregated	13
K-CMH Client money held - Non - segregated	-
K-ASA Assets safeguarded and administered	15
K-COH Client orders handled - Cash trades	-
K-COH Client orders handled - Derivatives Trades	-
Risk to market	1 262
K-NPR Net positions risk requirement	1 262



K-CMG Clearing margin given	-
Risk to firm	60
K-TCD Trading counterparty default	59
K-DTF Daily trading flow - Cash trades	1
K-DTF Daily trading flow - Derivative trades	-
K-CON Concentration risk requirement	-

6. CONCENTRATION RISK REQUIREMENT

Limits to large exposures are calculated as specified in the IFR/IFD, where a simplified application of the corresponding CRR requirements is used and apply to large exposures in the trading book only. According to the regulatory definition, ‘large exposure’ means the exposure of an Investment Firm to a person or a group of connected persons where its value is equal to or exceeds 10% of the Company’s eligible own funds.

In general, the Company shall comply with the Large Exposure limits laid down below:

- An investment firm’s limit with regard to the concentration risk of an exposure value, after taking into account the effect of the credit risk mitigation, with regard to an individual client or group of connected clients shall be 25 % of its own funds.
- Where the aforementioned client is an institution, or where a group of companies of connected clients include one or more institutions, the limit shall be the higher of 25% of the Company’s own funds or EUR 150m.
- Where the amount of EUR 150m exceeds the 25% of the Company’s own funds, the limit shall not be higher than 100% of the Company’s own funds.

According to the IFR, where the limits are exceeded the Company shall notify the authorities and meet the own funds requirement for the amount of excess of these limits (K-CON).

The exposure value with regard to an individual client or group of connected clients shall not exceed:

- 500% of the investment firm’s own funds, where 10 days or less have elapsed since the excess occurred;
- in aggregate, 600% of the investment firm’s own funds, for any excesses that have persisted for more than 10 days.

The Company did not have any limit breaches as regards to the large exposures during the four quarters of 2021. The own funds requirement for the concentration risk remains zero.



7. LIQUIDITY REQUIREMENT

Liquidity risk is the possibility that, over a specific horizon, the Company will be unable to raise cash and meet its financial obligations.

According to the IFR/IFD regulation, Investment firms shall hold an amount of liquid assets equivalent to at least one third of the fixed overhead requirement, increased by 1,6% of the total amount of guarantees provided to clients.

The IFR specifies the instruments that are eligible to be qualified as liquid assets to be included in the calculation of the said ratio and the applicable haircuts for them.

The table below provides the information on the amount of the liquid assets of the Company.

EUR '000	31.12.2021
Fixed Overhead Requirement	249
Client guarantees	0
Liquidity Requirement	83
Total liquid assets	1 629
Surplus/(Shortfall) of liquid assets	1 546

8. OTHER RISKS

8.1. Reputational Risk

Reputational risk is defined as the potential that adverse publicity regarding a financial organisation's business practices and associations, whether accurate or not, will cause a loss of confidence in the integrity of the institution. In particular, reputational risk can materialize in the case of non-compliance with regulations, a breach of ethical values or the perception by the customer of an unfavourable discrepancy between the commercial offering and the reality of staff's practices.

The Company manages its reputational risk through corporate governance and internal controls ensuring that:

- The Company controls all marketing communication that goes out to the public and stays up to date with new regulatory requirements and obligations in an effort to maintain a strong reputation. In addition, it obtains legal opinions on new jurisdictions in which it wants to operate to ensure that it doesn't violate any laws. According to the third country's requirements, it adjusts its marketing material accordingly.



- The Company has transparent policies and procedures in place when dealing with possible customer complaints in order to provide the best possible assistance and service under such circumstances. The possibility of having to deal with customer claims is very low as the Company provides high quality services to clients.
- Furthermore, employees are bound by confidentiality policies and there are several controls to minimize the risk of internal fraudulent activity not being spotted/prevented.
- In addition, the management ensures that the Company is responsive to changes of a market or regulatory nature that impact its reputation in the marketplace.

8.2. Strategic Risk

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

8.3. Business Risk

Business risk is a distinct type of risk that is not captured in the course of the Pillar I capital requirement and is defined as the possibility of economic loss arising from adverse strategic and business decisions, improper implementation of decisions or lack of responsiveness to changes in the business environment, including technological progress. The Company manages strategic risk through its normal conduct of business, while business risk is further examined in the course of the annual ICARA.

8.4. Regulatory Risk

Regulatory risk is the risk the Company faces by not complying with relevant Laws and Directives issued by its supervisory body. If materialized, regulatory risk could trigger the effects of reputation and strategic risk. The Company has in place documented procedures and policies based on the requirements of relevant Laws and Directives issued by CySEC. Compliance with these procedures and policies is further assessed and reviewed by the Company's Internal Auditor and suggestions for improvement are implemented by management. The Internal Auditor evaluate and test the effectiveness of the Company's control framework at least annually. Therefore, the risk of non-compliance is considered as low.



8.5. Compliance / Money Laundering and Terrorist Financing Risk

Compliance risk is the current and prospective risk to earnings or capital arising from violations of, or non-conformance with, laws, bylaws, regulations, prescribed practices, internal policies, and procedures, or ethical standards.

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 and is updating as applicable, certain policies, procedures and controls in order to mitigate the Compliance / Money Laundering and Terrorist Financing Risks. Among others, the Company has established or is in the process of establishing the below policies, procedures and controls:

- a. 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;
- b. adoption of Client due diligence and identification procedures in line with the Clients' assessed Money Laundering and Terrorist Financing Risk, prior and after the establishment of a business relationship with a client;
- c. monitoring and reviewing the business relationship or an occasional transaction with clients and potential clients of high-risk countries;
- d. Developed and established a Customers' Acceptance Policy (CAP) which has also been included in its AML Manual and reflects the actual policies and procedures followed by the Company;
- e. A number of policies (i.e. Conflicts of Interest Policy, Best Interest and Order Execution, Complaints Policy, Client Classification Policy etc.) have been uploaded in the Company's website aiming at providing its clients with all necessary information prior to the establishment of a business relationship;
- f. The Company's Compliance Officer, in liaison with the Board and the Heads of the Front-line Departments, designed effective organizational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of the Company's clients;
- g. Established mechanisms that allow the Company to submit the EMIR and MIFIR reporting on a daily basis according to the provisions of the relevant Laws and Directives;
- h. Electronically submit to CySEC the Risk Based Supervision Framework ('RBS-F');
- i. Submitting the Common Reporting Standard (CRS) reporting to the Cyprus Tax Department;
- j. Registered with the goAML system implemented by MOKAS.
- k. The Company's Compliance Officer and Senior Management shall ensure on an ongoing basis that, the Product Governance Requirements under MiFiD II will be met; and
- l. Ensure that the Company's personnel receive the appropriate training and assistance.



The Company has reviewed its policies, procedures and controls with respect to money laundering and terrorist financing in order to ensure compliance with the applicable legislation and incorporated, as applicable, any new information issued/available in this respect.

8.6. IT Risk

IT risk could occur as a result of inadequate information technology and processing or arise from an inadequate IT strategy and policy or inadequate use of the Company's information technology. Specifically, policies have been implemented regarding back-up procedures, software maintenance, hardware maintenance, internet use, data protection procedures, and disaster recovery, as applicable. The Company is regularly, at least annually, conducting Business Continuity Plan (BCP) stress tests to ensure the proper functioning of its systems and back-up procedures but also to minimise the possibility of such type of risk to materialise.

9. REMUNERATION POLICY AND PRACTICES

Remuneration refers to payments or compensations received for services or employment. Based on the above, the Remuneration policy includes the base salary (fixed amount) and any bonuses or other economic benefits (variable amount) that an employee or executive receives during employment and shall be appropriate to the Company's size, internal organization and the nature, the scope and the complexity of its activities and to the provisions of the IFR.

The purpose of the Remuneration Policy is to set out the remuneration practices of the Company taking into consideration the salaries and benefits for certain categories of employees, where these shall comply with specific principles in a way and to the extent that is appropriate to the Company's size, internal organization and the nature, scope and complexity of its activities.

The Board reviews the policy at least annually, in the context of an internal review for compliance with the relevant legislation as well as to confirm applicability, viability and alignment with the industry's remuneration standard. The Senior Management keeps records containing information as regards the remuneration of the Company's employees and with the assistance of the Compliance Function, will periodically review the Policy, as and when applicable, and thus adjust it should the need arises for remuneration to include any other possible sources of additional variable components.

Remuneration System

The Company's remuneration system inevitably takes into account the highly competitive sector in which the Company operates, and the considerable amount of resources the Company invests in each member of the staff. Thus, the Company considers remuneration as a significant method of attracting and retaining key employees whose talent can contribute to the Company's short and long-term success; whilst simultaneously ensuring that the Clients' interests will not be impaired by the remuneration policies and practices adopted by the Company in the short, medium and long term.

The employees' total remuneration consists of a fixed and a variable component. All employees are also eligible for the annual bonus remuneration. The various remuneration components are:

Fixed Remuneration

Fixed remuneration varies for different positions/roles depending on each position's actual functional requirements, and it is set at levels which reflect the educational level, experience, accountability, and responsibility needed for an employee to perform each position/role.

The Policy is also set in comparison with standard market practices employed by the other market participants/competitors. It is, however, at the sole discretion of the Company to pay the employee salary above the minimum amount of remuneration defined by the Employment Law.

The Company's fixed remuneration is approved by the Board of Directors for all the relevant employees and it is reviewed by the Company at such intervals, as it shall decide at its sole discretion, without affecting the other terms of employment.



Benefits provided to the relevant Company employees, such as private health insurance and parking facilities paid by the company, are not employee performance-related and are considered as part of the fixed remuneration.

Variable Remuneration

Variable remuneration is an addition to monthly fixed salary, only paid in cash via the Company's payroll system either via wire transfer or cheque issued on the employee's name.

The Company does not award, pay or provide guaranteed variable remuneration. The amount of the variable remuneration is determined based on the following key factors:

- a) The employee's contribution to the implementation of the Company's strategy;
- b) The employee's experience (especially in financial markets and over-the-counter ("OTC") markets);
- c) The employee's competitiveness;
- d) The employee's educational qualifications and willingness to obtain at own's free time the highest level of education in area of their expertise.

Remuneration policies and practices implemented in the Company are simplified to the basic requirements of hiring and maintaining sufficiently professional personnel. The Board of Directors considers such approach as the most practical at the stage of business growth, development and progress. It corresponds to the scaled and complexity of company's first planned operations. After the achievement of the Company's growth new more stimulating measures (like introduction of the more detailed variable components) might be introduced for the achievement of long-term targets.

All of the performance measurements operated to calculate variable remuneration contain applications for all current and future risks and take into account the cost and quantity of the liquidity and capital required. Also, the Company considers the need for consistency with the timing and the likelihood of the Company to receive potential future revenues which will be integrated into current earnings.

Moreover, the fixed and variable components should remain appropriately balanced and the total fixed component should represent a sufficiently high proportion of the total remuneration to allow the operation of a fully flexible policy on variable remuneration components (even to allow for zero variable components to be offered).

Annual Bonus Remuneration

All Company's employees, eligible to an additional discretionary bonus (13th-month payment or other bonuses) in such an amount (if any) and at such terms and conditions as may be decided by the absolute discretion of the Company.

Other Factors

Other factors taken into account for the remuneration of the Company's employees are the following:

- a) The financial viability of the Company;
- b) The general financial situation and the state in which the Company operates;



- c) Each employee's personal objectives (such as personal development, compliance with the Company's systems and controls, compliance with regulatory requirements, commitment and work ethics) performance evaluation and the rating received based on their annual performance in relation to the objective set up at the beginning of the period;
- d) Each employee's professional conduct with Clients (such as acting in the best interest of the Client, fair treatment of Clients and inducing Client satisfaction), as applicable.

Termination of Employment

In the case of an employee's termination of employment, the Policy is designed so as to only reflect the performance achieved over time, and thus, not reward failure.

Performance Appraisal

The Company must ensure that where remuneration is linked with performance, the total amount of remuneration is based on a combination of the performance assessment of:

- a) The individual (financial as well as non-financial criteria are taken into account; annual performance evaluation and performance rating are taken into account);
- b) The business unit concerned; and
- c) The overall results of the Company.

The Company implements a performance appraisal program, mainly to foster talent and promote healthy competition amongst personnel which is based on a set of Key Performance Indicators and Targets, developed for each department.

In general, performance appraisal is performed in a multiyear framework in order to ensure that the appraisal process is based on longer-term performance and that in the future (i.e. when applicable), the actual payment of performance-based components of remuneration will be spread over a period which will take account the Company's underlying business cycle and risks.

Additionally, performance appraisal on medium and short-term is being performed as follows:

- a) Objectives are set in the beginning of each year (depending on the department appraisal process) defining what the Company functions, departments and individuals are expected to achieve during the year and half annually;
- b) Performance checks and feedbacks: managers provide support and feedback to the concerned staff annually and semi-annually, during formal or informal performance reviews; the aim is to assist the staff to develop their skills and competencies;
- c) Annual performance review: takes place annually. The annual performance review also determines the level of the annual (one-off) bonus to be awarded to the employees. This bonus depends on the annual performance evaluation of each employee the fulfilment of their annual performance related targets and the annual financial performance of the Company.

Remuneration Committee

It is noted that the Company has taken into account its size, internal organization and the nature, scope and complexity of its activities, and it does not deem necessary the establishment of a Remuneration Committee. Remuneration practices are currently set by the Senior Management, in its



supervisory capacity. In case the Company shall deem necessary to establish a Remuneration Committee in the future, then this section shall be updated as applicable.

Control Functions

The Company must ensure that employees engaged in Control Functions:

- a) Are independent from the business units they oversee;
- b) Have appropriate authority; and
- c) Are remunerated:
 - i. Adequately to attract qualified and experienced staff; and
 - ii. In accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

Further to the above, the Policy is designed to manage the conflicts of interest which might if other business areas had undue influence over the remuneration of employees within Control Functions. Moreover, the need to avoid undue influence is particularly important where employees from the Control Functions are embedded in other business areas.

Remuneration and Capital

The Company must ensure that the total variable remuneration, including the annual bonus remuneration, does not prevent its ability to strengthen its capital base. The Policy underlines the link between the Company's variable remuneration costs and the need to manage its capital base including forward-looking capital planning measures. Where the Company needs to strengthen its capital base, its variable remuneration arrangements should be sufficiently flexible to allow it to direct the necessary resources towards capital building.

During the year there were no deferred remuneration, sign-on or severance payments.

The aggregate remuneration of the Company's personnel for the year ended 31st December 2021, broken down by business area, is presented in the following table:

Remuneration split by business area

Remuneration as at 31st December 2021	Annual Remuneration (EUR)		
	Fixed	Variable	TOTAL
<i>Control functions</i> *	240 672	0	240 672
<i>Reception, Transmission and Execution</i>	95 705	0	95 705
<i>Dealing on Own Account</i>	92 726	0	92 726
<i>Safekeeping</i>	89 224	0	89 224
<i>Other staff</i>	117 278		117 278
Total	635 605	0	635 605

* **Note:** Control Functions involves Compliance Officer, Risk Manager, Internal Auditor and Money Laundering Compliance Officer.



Table below provides information on the remuneration of Executive Directors, Senior Management and other staff whose activities have a material impact on the risk profile of the Company, broken down by fixed and variable cash remuneration. During 2021 the Company did not provide any non-cash benefits.

Remuneration split of staff whose activities have a material impact on the risk profile of the Company

Remuneration as at 31st December 2021	Annual Remuneration (EUR)			
Position/ Role	No. of Beneficiaries	Fixed Remuneration	Variable Remuneration	Aggregated Remuneration
<i>Senior Management (incl. executive directors)</i>	1	88 372	0	88 372
<i>Other staff</i>	10	547 233	0	547 233
<i>Total</i>	11	635 605	0	635 605

The Article 32 of the IFD sets, among others, the conditions on variable remuneration paid to employees:

- (j) at least 50% of the variable remuneration shall consist of shares/ share-linked instruments/ equivalent non-cash instruments that adequately reflect the credit quality of the IF as a going concern, or non-cash instruments which reflect the instruments of the portfolios managed;
- (l) at least 40% of the variable remuneration is deferred over the three-to-five-year period.

Following the Article 32(4)(a) of the IFD, these points don't apply to the Company as far as the value of its on and off-balance sheet assets is on average equal to or less than 100 mln EUR over the four-year period immediately preceding the given financial year.

10. APPENDIX - SPECIFIC REFERENCES TO THE IFR

IFR Reference	High Level Summary	Compliance Reference
Scope of Disclosure Requirements		
46 (1)	Requirement to publish Pillar 3 disclosures, on the date of publication of the annual financial statements.	1.1
46 (2)	Requirement to publish Pillar 3 disclosures for small and non-interconnected IFs	N/A
46 (3)	Requirement to publish Pillar 3 disclosures for IFs which do not longer meet the criteria of small and non-interconnected IF	N/A
46 (4)	Pillar 3 disclosures to be published in an appropriate medium, or provide clear cross-references to other media.	1.1
Risk management objectives and policies		
47	Disclosure of the risk management objectives and policies for each separate category of risk set out in Parts Three, Four and Five of the IFR, including a summary of the strategies and processes to manage those risks and a concise risk statement approved by the investment firm's management body succinctly describing the investment firm's overall risk profile associated with the business strategy	3, 5, 6, 7, 8
Governance		
48 (a)	Disclosure of the number of directorships held by members of the management body	2.3
48 (b)	The policy on diversity with regard to the selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved	2.2, 2.4
48 (c)	whether or not the investment firm has set up a separate risk committee and the number of times the risk committee has met annually	2.1
Own Funds		
49 (1) (a)	Full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and applicable filters and deductions applied to own funds of the investment firm and the balance sheet in the audited financial statements of the IF;	4.3
49 (1) (b)	Description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the IF	4.2
49 (1) (c)	Description of all restrictions applied to the calculation of own funds in accordance with the IFR and the instruments and deductions to which those restrictions apply	4.1
49 (2)	EBA shall develop implementation standards for points (a), (b), (c) above.	N/A
Own Funds Requirements		
50 (a)	Summary of IF's approach to assessing adequacy of its internal capital to support current and future activities.	5.1
50 (b)	Result of ICAAP upon request of the competent authority.	3.6
50 (c)	K-factor requirements calculated in aggregate form for RtM, RtF, and RtC, based on the sum of the applicable K-factors	5.4

50 (d)	Fixed overheads requirement	5.3
Remuneration policy and practices		
51	Remuneration policy, including aspects related to gender neutrality and the gender pay gap, for those categories of staff whose professional activities have a material impact on the risk profile	9
51 (a)	Design characteristics of the remuneration system, including the level of variable remuneration and criteria for awarding variable remuneration, payout in instruments policy, deferral policy and vesting criteria	9
51 (b)	Ratios between fixed and variable remuneration	9
51 (c)	Aggregated quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the investment firm	9
51 (c) (i)	The amounts of remuneration awarded in the financial year, split into fixed and variable remuneration, and the number of beneficiaries	9
51 (c) (ii)	The amounts and forms of awarded variable remuneration	N/A
51 (c) (iii)	The amounts of deferred remuneration awarded for previous performance periods	N/A
51 (c) (iv)	The amount of deferred remuneration due to vest in the financial year	N/A
51 (c) (v)	The guaranteed variable remuneration awards during the financial year and the number of beneficiaries of those awards	N/A
51 (c) (vi)	The severance payments awarded in previous periods, that have been paid out during the financial year	N/A
51 (c) (vii)	The amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and the highest payment that has been awarded to a single person	N/A
51 (d)	Whether the IF benefits from a derogation laid down in Article 32(4) of the IFD	9
Investment policy		
52	Not applicable due to criteria referred to in point (a) of Article 32 (4) of the IFD	N/A
Environmental, social and governance risks		
53	Not applicable due to criteria referred to in point (a) of Article 32 (4) of the IFD	N/A