Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

DISCLOSURE AND MARKET DISCIPLINE REPORT FOR Year 2023

April 2024

DISCLOSURE

The Disclosure and Market Discipline Report for the year 2022 has been prepared by Wise Wolves Group 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 European Commission.

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

Contact Us

Address	Spyrou Kyprianou 61, Mesa Geitonia, 4003 Limassol, Cyprus
Telephone	+357 25 366 336
Web site	www.wise-wolves.finance
Email	wwf@wise-wolves.com

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

Table of Contents

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

1 OVERVIEW

1.1 Introduction

Wise Wolves Group Ltd (hereinafter referred to as the "**Group**" and/or "**WWG**"), is a holding Company incorporated in the Republic of Cyprus through the Department of Registrar of Cyprus and Official Receiver with incorporation number HE 366896 with an incorporation date of 08/03/2017, The Group provides a wide range of services, including Management Consultancy, Finance, Investment, Payments, Corporate, Fund and Trust Administration, and Tax Consultancy to international and local clients globally.

In compliance with Regulation (EU) No. 2019/2033 (the "**Investment Firms Regulation**" or "**IFR**"), which took effect in 2021, Wise Wolves Group Ltd is obligated to disclose essential information. This includes risk management objectives, policies, own funds structure, requirements, and key features of our corporate governance, including the remuneration system. These disclosures are presented on a consolidated basis, as outlined in Article 7 of the IFR.

This report aims to enhance market discipline and transparency among market participants. It provides Pillar III disclosures for Wise Wolves Group Ltd and its regulated subsidiaries, Wise Wolves Finance Ltd ("**WWF**") and Wise Wolves Payment Institution Ltd ("**WWPI**"). The information pertains to the year ended 31st December 2022 (based on unaudited management accounts) and is presented in a consolidated format.

1.2 Regulatory (Prudential) Framework

The Pillar III Disclosures have been prepared in accordance with the new regulatory regime for IFs adopted by the European Parliament, the IFR and the Investment Firms Directive (EU) 2019/2034 (the "**IFD**"), as well as the relevant provisions of "**The Prudential Supervisions for Investment Firms Law of 2021**", Law 165(1)/2021 (the "**Law**"), and "**The Capital Adequacy Investment Firms Law of 2021**", Law 164(1)/2021, amending Law 97(1)/2021 (the "**Capital Adequacy Law").**

The IFR on the prudential requirements of IFs amends the CRR, Markets in Financial Instruments Regulation (the "**MiFIR**" or "**Regulation 600/2014**"), Single Resolution Mechanisms Regulations (the "**UMW or "Regulation 806/2014**"), and Regulation 1093/2010. This regulation lays down uniform prudential requirements that apply to investment firms authorized and supervised under MiFID 11 and supervised for compliance with prudential requirements under IFD. The prudential requirements include the following:

- Own funds requirements relating to quantifiable, uniform, and standardized elements of risk to-firm, risk-to-client, and risk-to-market (Part Two and Three of IFR);
- Requirements limiting concentration risk (Part Four of IFR);
- Liquidity requirements relating to quantifiable, uniform, and standardized elements of liquidity risk (Part Five of IFR);
- Reporting requirements related to above mentioned points;
- Public disclosure requirements.

The IFD lays down rules on the initial capital of investment firms and on the supervisory powers and tools for prudential supervision of IFs by competent authorities. IFD amends Capital Requirements Directives (the "**CRD IV**" or "**Directive 2013/36/EU**"), Bank Recovery & Resolution Directive (the "**BRRD**" or "**Directive 2014/59/EU**"), Markets in Financial Instruments Directive (the "**MiFID II**" or "**Directive 2014/65/EU**"), Financial Conglomerates Directive (2002/87/EC), and Alternative Investment Fund Managers Directive (the "**AIFMD**" or "**Directive 2011/61/EU**").

Even though the IFR/IFD does not explicitly refer to Pillars, it adopts the same three Pillar approach used in the Basel standards and implemented in CRD IV:

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

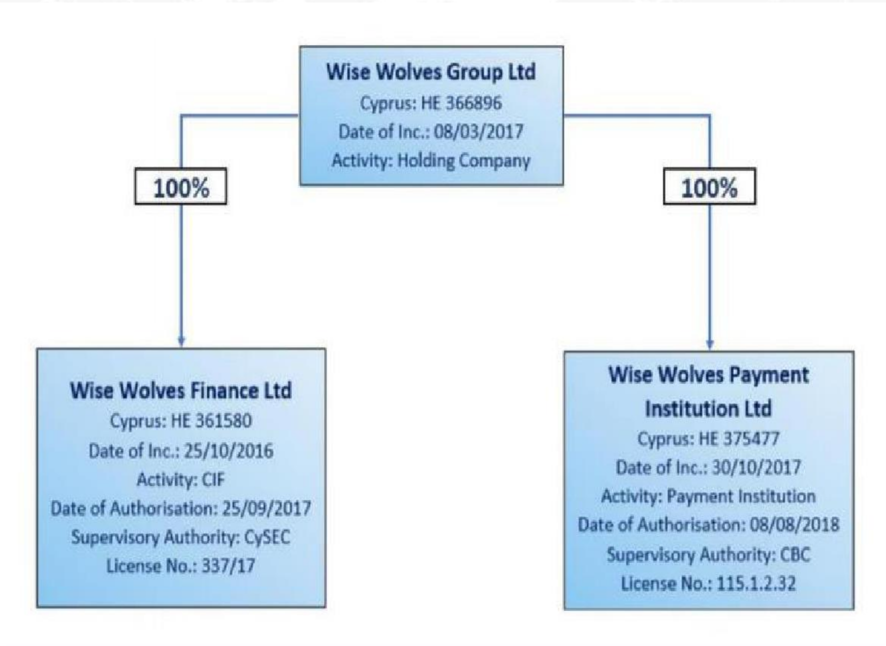
Pillar I- Capital Requirements: Covers minimum regulatory capital requirements, liquidity buffer and concentration risk limited (part three of IFR);

Pillar II- Internal Capital Adequacy and Risk Assessment Process (the "**ICARA**"): Risk-based assessment of risks not fully captured under Pillar I. The ICARA includes a complete risk assessment and analysis of financial impact to determine any additional capital requirements, and include capital adequacy calculations, stress testing and scenario analysis, as well as all the relevant information on liquidity adequacy. The ICARA might be subject to regulatory review through the SREP which may trigger a 'Pillar 2R' (the "**P2P**") capital add-on, "Pillar 2g" (the "P2G")' capital buffer or a liquidity buffer (Chapter 2 of Title IV of IFD);

Pillar III- Public Disclosure: Based on the requirements of Part Six of the IFR, an obligation to publish information on risk management objectives and policies, governance, own funds requirements, remuneration policy and practices, investment policy, which may also extend to environmental, social and governance risks (ESG).

1.3 Group Structure

GROUP STRUCTURE OF WWG SUBJECT TO PRUDENTIAL SUPERVISION CONSOLIDATION



1.4 Subsidiaries Corporate Information

1. <u>Wise Wolves Finance Ltd (“WWF”)</u>

Table 1: Illustrate Wise Wolves Finance Ltd corporate info

Company Name	Wise Wolves Finance Ltd
Company Activity	Cyprus Investment Firm (“CIF”)
Authorization Date	25-Sep-17
License Number	337/17
Company Registration Date	25-Oct-16
Company Registration Number	HE 361580

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

Wise Wolves Finance Limited ("WWF"), an independent investment company, holds a **CySEC license** (Licence Number 337/17). WWF is fully accredited to provide a comprehensive array of cross-border investment services within the European Union's financial market. All our dealings and activities strictly adhere to the relevant laws, directives, and regulations applicable across the entire EU territory.

The Company is authorized to provide the following Investment Services, in accordance with Part I of the First Appendix of the Law:

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

The Company is authorized to provide the following Ancillary Services, in accordance with Part II of the First Appendix of the Law:

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:

The Company is authorized to provide the aforementioned investment and ancillary services for the following Financial Instruments, in accordance with Part III of the First Appendix of the Law:

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
5) securities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
6) 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);
7) 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;
8) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of Part II 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;
9) Derivative instruments for the transfer of credit risk;
10) Financial contracts for differences;
11) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates, emission allowances 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 recognized clearing houses or are subject to regular margin calls.

Table 2: Illustrates the Company Licence Information (based on the First Appendix of the Law)

		Investment Services/Activities									Ancillary Services						
		1	2	3	4	5	6	7	8	9	1	2	3	4	5	6	7
Financial Instruments	1	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		
	2	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		
	3	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		
	4	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		
	5	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓	-	-
	6	✓	✓	✓	-	-	-	-	-	-	✓	✓	✓	✓	✓		-
	7	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		-
	8	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		
	9	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		
	10	✓	✓	✓	-	-	-	-	-	-	✓	✓			✓		-
	11	-	-	-	-	-	-	-	-	-	-	-			-		

1. **Wise Wolves Payment Institution Ltd (“WWPI”)**

Table 3: Illustrate Wise Wolves Payment Institution Ltd corporate info

Company Name	Wise Wolves Payment Institution Limited
Company Activity	Payment Institution
Authorization Date	08-Aug-18
License Number	115.1.2.32
Company Registration Date	30-Oct-17
Company Registration Number	HE 375477

Wise Wolves Payment Institution Ltd (WWPI) is a licensed payment institution regulated by the Central Bank of Cyprus (CBC). Our license bears the number **115.1.2.32**. WWPI specializes in providing a comprehensive suite of payment services, catering primarily to corporate clients within the Wise Wolves Group. Our business model emphasizes seamless, one-stop service solutions for our clientele.

Authorized Payment Services:

WWPI is authorized to offer the following payment services:

1. **Execution of Direct Debits**: This includes both regular and one-off direct debits.
2. **Execution of Credit Transfers**: This encompasses standing orders and other credit transfer arrangements.

Ancillary Products and Services:

In addition to core payment services, WWPI provides the following ancillary offerings:

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

- **Guarantees (Letters of Guarantees)**:
  - Issued in favor of the Civil Registry and Migration Department of the Ministry of Interior.
  - Necessary for obtaining work permits for alien employees or family members of customers.
  - Guarantees are valid for 10 years, with the amount determined by the employee's citizenship (as defined by the Migration Department).
- **Escrow Services:**
  - Available in two scenarios: (i) **Escrow Account**: WWPI executes escrow payments while a third party (the client) acts as the escrow agent. (ii) **Escrow Agent Services**: WWPI acts as the Escrow Agent, executing escrow payments on behalf of clients.
- **PI-Online Service:**
  - Enables remote access to accounts and submission of payment orders for initiating payment transactions.

1.5 Organisational Structure

The risk oversight function of the board of directors has never been more critical and challenging than it is today. Rapidly advancing technologies, unstable economic conditions, pandemic outbreak, political and geographical issues increase the need for effective risk management procedures. Risk management is not simply a business and operational responsibility of management—it is a governance issue that is squarely within the oversight responsibility of the board.

Directors should—through their risk oversight role prioritize risk management. Directors should satisfy themselves that the risk management policies and procedures designed and implemented by the Company's senior executives and risk manager are consistent with the Company's strategy and risk appetite; that these policies and procedures are functioning as directed; and that necessary steps are taken to foster an enterprise-wide culture that supports appropriate risk awareness, behaviours and judgments about risk, and that recognizes and appropriately addresses risk-taking that goes beyond the Company's determined risk appetite. The board and relevant committees should work with management to promote and actively cultivate a corporate culture and environment that meets the board's expectations and is aligned with the Company's strategy.

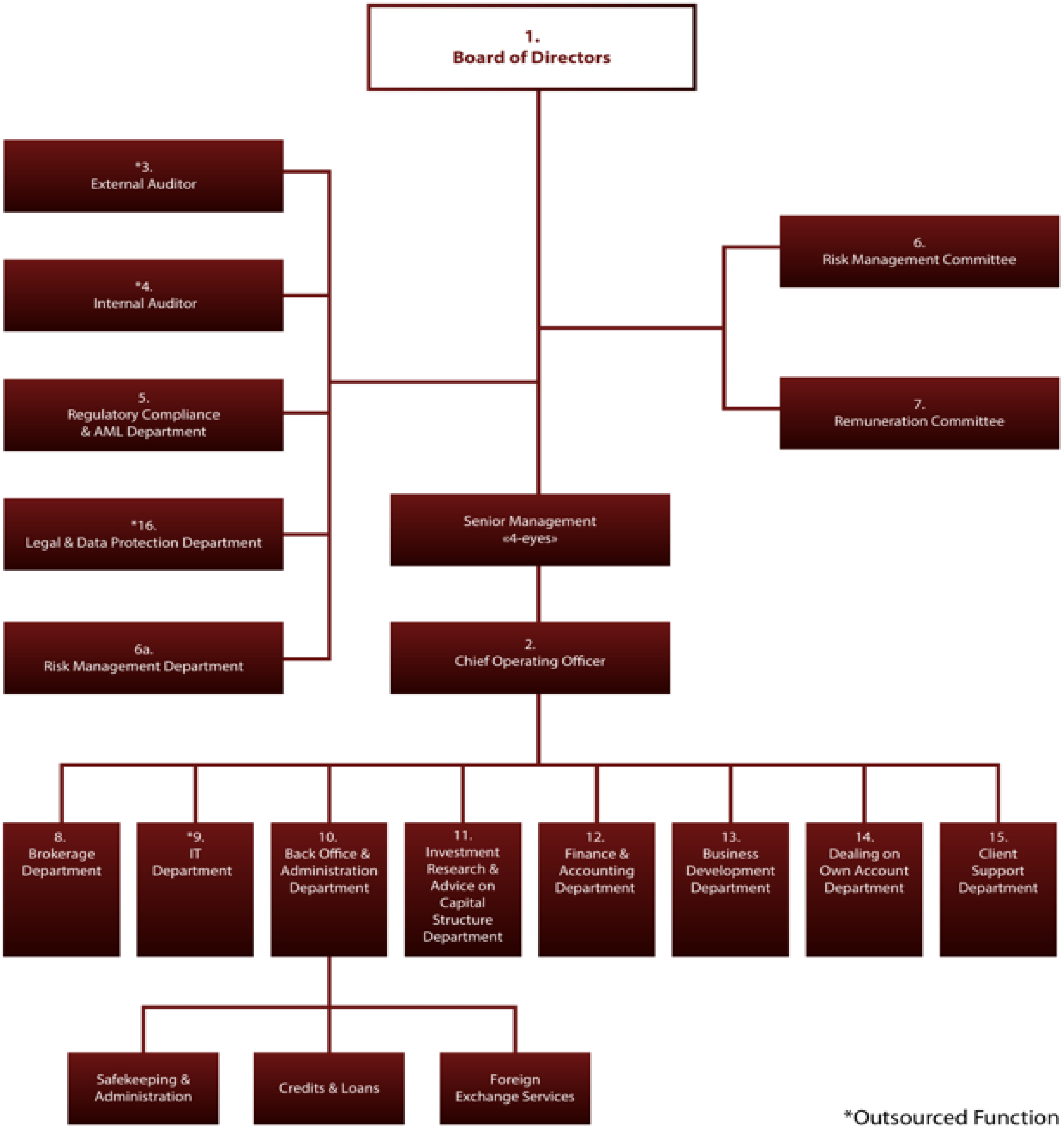
Each subsidiary within the Group operates as a distinct and self-reliant business. Their organizational structures remain entirely independent.

1.5.1 Organisational Structure of WWF

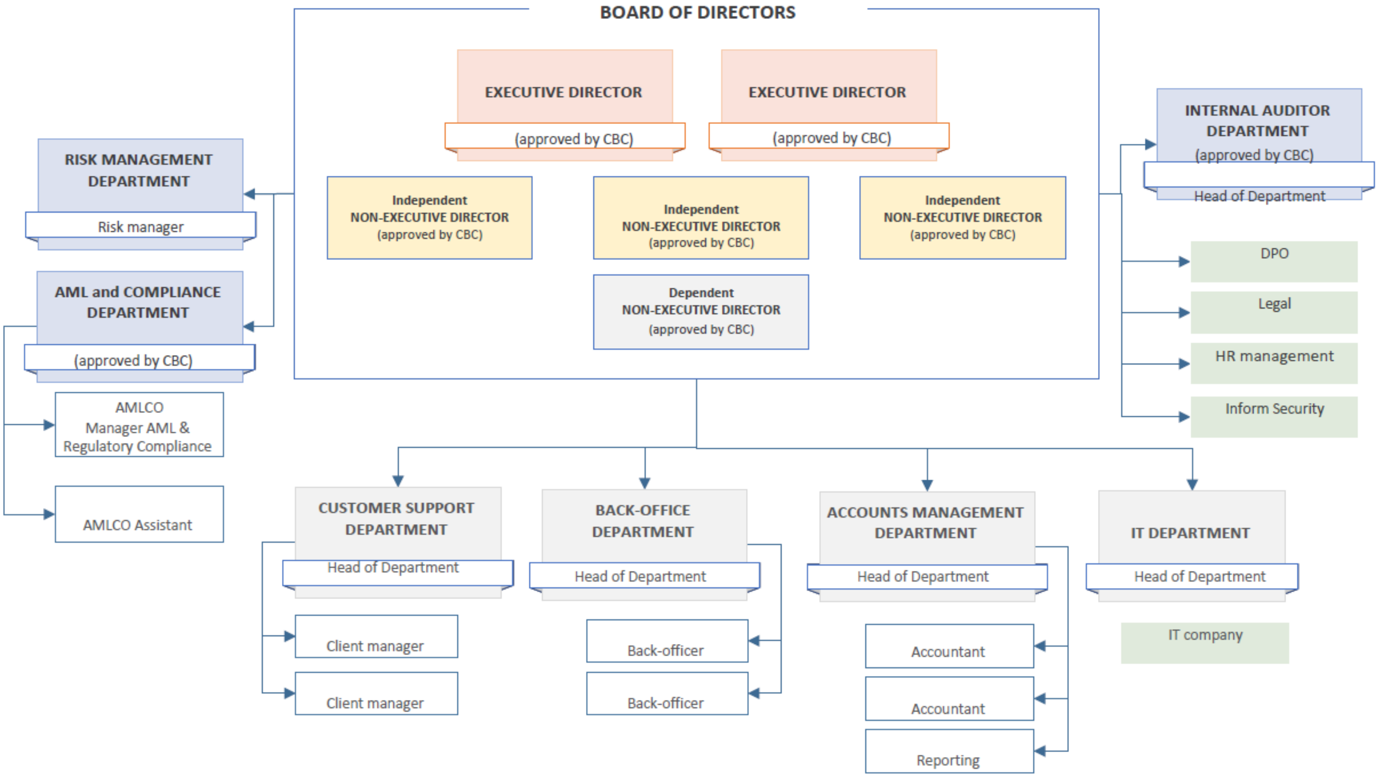
Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

WISE WOLVES FINANCE LTD

ORGANIZATIONAL STRUCTURE AS OF 31.01.2024



1.5.2 Organisational Structure of WWPI



2 CORPORATE GOVERNANCE

2.1 Board of Directors

The Board of Directors (“Board”) of the Group consists of one Executive Director and one Non- Executive Director.The members of the Board of Directors exercise effective control on the Group’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 duties of the Board of Directors ("BoD") include:

- Define and oversee the implementation of governance arrangements for effective and prudent management, including segregation of duties and conflict of interest prevention, promoting market integrity and client interests.
- Formulate the Company's strategy for existing and new service development.
- Govern the organization through broad policies and objectives.
- Ensure implementation and maintenance of adequate internal control mechanisms.
- Ensure compliance with legal obligations to CySEC and relevant laws and directives/guidelines.
- Regularly assess policies and procedures to ensure compliance with applicable laws and CySEC directives/guidelines.
- Define, oversee, and approve policies for services, activities, products, and operations based on risk tolerance and client needs.
- Define, oversee, and approve a remuneration policy.
- Establish and document general principles for preventing money laundering and terrorist financing, informing the Compliance/AML Officer accordingly.
- Monitor internal control mechanisms and assess their adequacy in alignment with strategic objectives.
- Review and approve the Client Acceptance Policy.
- Ensure availability of sufficient and experienced resources for Company operations.

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

- Receive annual written reports from the Compliance Officer, Risk Management Officer, and Internal Audit function, and follow up on issues raised, ensuring remedial measures are taken.

The Board of Directors convenes regularly, holding meetings no less than four times annually at the Company's headquarters in Cyprus. These meetings adhere to a structured agenda, addressing matters requiring board decisions.

2.2 Board 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:
    - One executive directorship and two non-executive directorships.
    - Four non-executive directorships.
- For the purposes of subsection above, the following shall count as a single directorship:
    - Executive or non-executive directorships held within the same group;
    - Executive or non-executive directorships held within:
        - 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
        - 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 Staff Recruitment

The Company recognizes that effective recruitment and selection are critical for maintaining a high-quality workforce. We adhere to the principles outlined in our Equality and Diversity Policy (reference point: 3.3) to provide equal employment opportunities to all qualified individuals. Key Procedures:

- Authorization for Staff Recruitment: The relevant organizational unit manager obtains authorization for staff recruitment following the established procedure. The Human Resources ("HR") department is promptly notified.

- Board Involvement in Expansion: In cases of planned activity expansion, the Board of Directors may authorize additional recruitment.
- Performance Measurement: Employee performance is assessed based on mutually agreed-upon goals.These goals align with core responsibilities outlined in each employee's job description.
- Annual Performance Review:The Executive Director sets evaluation criteria against which job performance is measured. Formal performance appraisals occur annually. Written records document prior-period appraisals and future goal planning.
- Addressing Substandard Performance: The Executive Director completes an Appraisal Form, recognizing the performance spectrum. Corrective action is taken if substandard performance is identified. Employees receive a copy of the appraisal record.
- Documentation Retention: Records are retained for all employees for a minimum of five years.

2.4 Number Directorships held by Members of the Board

The composition of the Board of Directors significantly impacts business effectiveness. It encompasses diverse backgrounds and expertise among board members, a balanced distribution of power between dependent and independent members, and equally important gender diversity. While pursuing diversity, it should not diminish the significance of other factors like knowledge, skills, experience, background, and reputation.

The Company acknowledges that differences in ability, background, gender, age, and nationality within the top management team can enhance value creation and improve overall performance.

Efforts toward gender equality in leadership positions are essential. The Company has set and achieved a target of at least 25% female representation on the board of directors during the year.

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 Group Ltd and any other companies belonging to the same group as Wise Wolves Group 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 holds:

Table 4: Illustrates the Company's Board of Directors

Name of Director	Position in the CIF	Directorships - Executive	Directorships – Non Executive
Yaroslav Ashcheulov	Director	0	0
Gubaydulin Timur	Director	0	0

Note: The information in this table is based on representations made by the directors of the Company

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, which includes and makes use of differences in the age, skill, experience, background, race, and gender between them. A balance of these differences is considered when determining the optimum composition.

The Company is committed to creating and maintaining an inclusive and collaborative workplace culture that will provide sustainability for the organization into the future. This is also documented as best practices in the Corporate Governance Code of many EU countries. The Equality and Diversity policy aims to:

- Foster a positive and supportive work environment for both staff and customers.
- Safeguard employees against discrimination based on any of their protected characteristics.

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

- Ensure equal opportunities for all individuals in the workforce, irrespective of their background or characteristics.
- Advocate for diversity within the workforce, including diversity within the Board of Directors.

Regular monitoring and annual reviews of the policy are essential to uphold and promote equality and diversity in the workplace. Through this policy, the Company endeavors to provide equal opportunities for all employees and job applicants, striving for a workforce that reflects the diversity of society. Every employee will be respected, valued, and empowered to perform at their best.

This policy underscores our commitment to equality and fairness in employment practices, refraining from providing less favorable treatment or facilities based on:

- Age
- Disability
- Gender
- Marriage and civil partnership
- Pregnancy and maternity
- Race
- Ethnic origin
- Color
- Nationality
- National origin
- Religion or belief
- Sex and sexual orientation

All employees, regardless of their employment status—be it part-time, full-time, or temporary—will be treated equitably and with respect. When selecting candidates for employment, promotion, training, or any other benefit, the Company will base its decisions on their aptitude and abilities. Each employee will receive assistance and encouragement to unlock their full potential and leverage their unique talents. Thus, our organization's skills and resources will be fully harnessed, optimizing the efficiency of our entire workforce. Specifically, the Company is dedicated to:

- Cultivating an environment where individual differences and the contributions of all team members are acknowledged and valued.
- Establishing a working atmosphere that upholds dignity and respect for every employee.
- Zero tolerance for any form of intimidation, bullying, or harassment, with disciplinary actions taken against violators of this policy.
- Providing training, development, and advancement opportunities for all staff.
- Promoting workplace equality, which the Company views as good management practice and sound business strategy.
- Encouraging anyone who feels they have experienced discrimination to voice their concerns, enabling the Company to take corrective action.
- Encouraging employees to treat everyone with dignity and respect.
- Regularly reviewing all employment practices and procedures to uphold fairness at all times.

This policy is disseminated to all employees, and adherence to its requirements and promotion of fairness in the workplace is mandatory for all. The Company’s equality and diversity policy enjoys full support from senior management.

2.6 Reporting and Control

In accordance with legal requirements and subsequent directives, Wise Wolves Finance Ltd has successfully maintained effective information flow regarding risk to the management body. The details are outlined below: Information of flow for Wise Wolves Finance Ltd

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

Table 5: Illustrates the Company's annnual regulatory obligations 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

Table 6: Illustrates the Company's annnual regulatory obligations for Wise Wolves Payment Institution Ltd

Report Name	Owner	Recipient	Frequency
AMLCO report	AMLCO	Board, CBC	Annual
Report about Risk management	Risk Manager	Board	Annual
External Audit Report	External auditor	Board	Annual
Internal Audit Report	Internal auditor	Board	Annual
The Company's AML risk assessment report	AMLCO	Board, CBC	Annual
Statement of Capital Adequacy	Accountant	CBC	Annual
Safeguarding measures -User's funds	Settlement Department	CBC	Annual
Users' funds (Total of all accounts in Euro)	Settlement Department	CBC	Monthly
Users' funds (per account)	Settlement Department	CBC	Monthly
Reconciliation of Users' funds	Settlement Department	CBC	Every six months
Statistical data for payment services	Settlement Department	CBC	Monthly
Statistical data on fraud	Settlement Department	CBC	Every six months
Statistical data - Suspicious Transactions Reports (STRs)	AMLCO	CBC	Monthly
Letter from External Auditor as per Art.17(4) of PSL	Accountant	CBC	As it arises
Internal Auditor's Report (with attachment of all reports issued during the year)	Internal auditor	CBC	Annual
Fraud Incident Report	Settlement Department	CBC	As it arises
Major Incident Reporting (Initial Report)	CEO	CBC	As it arises
Major Incident Reporting (Intermediate Report)	CEO	CBC	As it arises

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

Major Incident Reporting (Last Intermediate Report)	CEO	CBC	As it arises
Major Incident Reporting (Final Report)	CEO	CBC	As it arises
Risk assessment report (under Art. 95(2) of PSL)	Risk Manager	CBC	Annual

3 RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk Management involves the identification, analysis, and assessment of uncertainties in investment decision-making. Consequently, risks are addressed appropriately; they are either accepted, leading to the allocation of additional capital by the Group, or they are mitigated. Risks must be continuously monitored and reviewed. Moreover, outcomes and results should be accurately reported, and new goals should be established.

The risk management function is reinforced by several control functions:

- Internal Audit (as a control function);
- Legal and Compliance (including Anti-Money Laundering and Counter-Terrorist Financing);
- Accounting and External Audit; and
- Risk Management itself.

The Group's Risk Management framework covers the range of risks to be managed, the processes, systems, and procedures for managing risks, and the roles and responsibilities of the individuals involved in risk management. This framework is sufficiently comprehensive to encompass all risks the Group faces and is adaptable to changes in business activities. The Risk Manager, who reports directly to the Board of Directors, operates independently with the responsibility of monitoring:

- The adequacy and effectiveness of the Group's risk management policies and procedures;
- The compliance level of the Group and its relevant personnel with the adopted arrangements, processes, and mechanisms; and
- The adequacy and effectiveness of actions taken to rectify any deficiencies in those policies, procedures, arrangements, processes, and mechanisms, including addressing failures by the Group's relevant personnel to adhere to such arrangements, processes, and mechanisms or to follow the established policies and procedures.

3.1 Risk Management Policy and Objectives

The Group's Risk Management Policy was established to clarify the Group's approach to the risks it faces and the guiding principles of this approach. The analysis addresses the risks encountered by the Group and the strategies implemented for their mitigation or elimination. Notably, the management's approach and the consequent policy regarding risk are consistently demonstrated.

The policy delineates the procedures and mechanisms related to risks and details the roles and responsibilities of the Risk Manager. Furthermore, it specifies the principal reporting procedures and describes the process used by Senior Management to assess the effectiveness of the Group's internal control measures.

The Board of Directors annually approves or revises proposed changes and conducts a strategic review and oversight of the Risk Management Policy. The Risk Manager is tasked with ensuring that all types of risks assumed by the Group are monitored and reported to Senior Management and the Board. Additionally, the Risk Manager is responsible for making recommendations, particularly noting whether suitable corrective actions have been implemented in response to any identified deficiencies.

Senior Management is charged with overseeing the sufficiency and efficacy of the risk management policies and procedures in place, ensuring the Group and its relevant personnel comply with the adopted policies and procedures, and verifying the adequacy and effectiveness of measures to rectify any shortcomings, including non-compliance by relevant personnel.
The Group’s Board regularly receives written reports that describe the implementation and effectiveness of the overall control environment for investment services, ancillary services, and other business activities, as well as an evaluation of the identified risks, planned strategies, and corrective actions taken or to be taken.

Review processes are continually evaluated with the aim of further enhancement through the adoption of industry guidance and new regulatory requirements. Moreover, the entire Risk Management Policy framework has been restructured to define an updated, comprehensive, and coherent approach to risk management, aligned with the Group’s risk appetite.

3.2 Risk Appetite Framework (RAF)

The Company’s Risk Management Framework (the "RMF") is an integral part of our business processes, supported by a uniform policy which has been developed to manage these risks. One of the Company’s major priorities is the development of a forward-looking risk management strategy, through a sound control environment. This has enabled the Company to deal appropriately with changes in the economic, social and regulatory context in which it operates, contributing to the progress of people and businesses.

The development of a consistent risk culture throughout the Company is considered as one of the most important elements of the Company’s RMF and procedures. Risk culture is the heart of the human decisions that govern the day-to-day activities of every organization. In view of this, management considers that risk awareness and risk culture within the Company is an important part of the effective risk management process. The Company ensures that all employees are educated on the various risks that could impact their day-to-day work and are able to quickly notify management, executives, Board, and any other individual impacted, so that action can be taken swiftly to mitigate or respond to the risk.

The Company’s RMF aims to establish, implement, and maintain adequate policies and procedures designed to manage the risks relating to the Company’s activities and where appropriate, to set the level of risk tolerated by the Company. The current RMF sets the process implemented across the Company, designed to identify potential events that may affect its business, to manage risks within its risk appetite parameters, and to provide reasonable assurance regarding the achievement of its mission and its objectives.

The Accounts Department, the Operations Department, the Internal Auditor, Risk Management and Compliance Functions work in concert considering the nature, scale, and complexity of the business of the Company, and the nature and range of investment services and activities undertaken in the course of the Company’s business. The integrated objective of these distinct functions is to enhance the accuracy and overall effectiveness of the Company’s risk management and monitoring structure.

Risk appetite statement

The Group’s **risk appetite** is established by its Board, informed by the Risk Manager’s recommendations and considering the Group’s capacity to bear risk. This appetite defines the maximum level of risk the Group is prepared to accept to achieve its business objectives. To align the Group’s strategic risk considerations with everyday decisions, the Board regularly reviews and updates the Group’s risk appetite statement as needed.

The Group’s risk appetite is determined based on its current risk profile. The key risk appetite statements applicable to all the Group’s activities include:

- Maintaining available own funds above the total requirement for Pillar I risks at a minimum of **EUR 750K**.
- Ensuring the **CET1 ratio** never falls below the minimum regulatory requirement set by CySEC, which is **56%** of the total own funds requirement.
- Upholding a zero-tolerance policy towards internal fraud and regulatory non-compliance, mandating all departments to consistently adhere to relevant regulations.
- Exhibiting limited tolerance for operational risks/losses such as internal fraud, unauthorized trading limit breaches, data security, and GDPR compliance. These inherent operational risks are proactively managed.

The Group's risk-bearing capacity is its available capital's ability to withstand adverse risks. Currently, the Group's available paid-up capital is composed exclusively of CET1 capital, calculated after necessary deductions.

The Group's risk appetite reflects the collective level and types of risk it is willing to undertake within its risk capacity to fulfill its strategic aims and business plan. Consequently, the Risk Appetite and Strategic Plan develop concurrently. The Risk Appetite framework ensures that the Group's strategic achievements are not merely due to chance.

It is crucial to note that establishing a corporate risk appetite without considering the Group's risk capacity can lead to grave outcomes. While risk capacity can be quantified in terms of capital or required funding, gauging the point at which the Group's reputation may suffer irreparable damage is more complex.

The Board and Senior Management are cognizant of how risk capacity influences the business and have implemented necessary measures to maintain constant vigilance and mitigate any potential risks.

3.3 Risk Culture

The Company seeks to promote a strong risk culture throughout the organization. The aim is to help reinforce the Company's resilience by encouraging a holistic approach to the management of risk and return throughout the organization as well as the effective management of risk, capital and reputational profile. The Company actively take risks in connection to the business and as such the following principles underpin the risk culture within the organization:

- Risk is taken within a defined risk appetite.
- Every risk taken needs to be approved within the RMF.
- Risk taken needs to be adequately compensated.
- Risk should be continuously monitored and managed.
- Employees at all levels are responsible for the management and escalation of risks. The Company expects all employees to exhibit behaviors that support a strong risk culture. The Company has communicated the following risk culture behaviors through various communication vehicles:
- Being fully responsible for the risks
- Being rigorous, forward looking and comprehensive in the assessment of risk
- Inviting, providing and respecting challenges
- Troubleshooting collectively and
- Placing the Company and its reputation at the heart of all decisions.

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 Common Equity Tier1("CET1") ratio of at least 56%, where CET1ratio is the Company's CET1 capital expressed as a % of its total Own Funds Requirement;

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

- A Tier 1(CET1+AT1) ratio of at least 75%, where Tier 1ratio is the Company's Tier 1capital expressed as a %of its Own Funds Requirement;

- A Total ratio (Tier1and Tier 2) ratio of 100%,where total capital ratio is the Company's own funds expressed as a %of its total Own Funds Requirement.

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 31.12.2023:

Table 7: Composition of regulatory own funds (Investment firms other than small and non- interconnected) based on Template EU IFCC1.01

	Common Equity Tier 1 (CET1) Capital: Instruments And Reserves	31.12.2023 EUR '000	Source Based On Reference Numbers/Letters Of The Balance Sheet In The Audited Financial
1	**Own funds**	6,123	N/A
2	**Tier 1 Capital**	6,123	N/A
3	**Common Equity Tier 1 Capital**	6,123	N/A
4	Fully paid up capital instruments	7,216	N/A
5	Share premium	200	N/A
6	Retained earnings	813	N/A
7	Previous years retained earnings	813	N/A
8	Profit eligible	-	N/A
9	Accumulated other comprehensive income	-	N/A
10	Other reserves	-	N/A
11	Minority interest given recognition in CET1 capital	-	N/A
12	Adjustments to CET1 due to prudential filters	-	N/A
13	Other funds	-	N/A
14	(-)Total deductions from Common Equity Tier 1	- 2,064	N/A
15	(-) Own CET1 instruments	-	N/A
16	(-) Direct holdings of CET1 instruments	-	N/A
17	(-) Indirect holdings of CET1 instruments	-	N/A
18	(-) Synthetic holdings of CET1 instruments	-	N/A
19	(-) Losses for the current financial year	- 1,927	N/A
20	(-) Goodwill	-	N/A
21	(-) Other intangible assets	- 55	N/A
22	(-) Deferred tax assets that rely on future profitability and do not arise from temporary differences net of associated tax liabilities	-	N/A
23	(-) Qualifying holding outside the financial sector which exceeds 15% of own funds	-	N/A

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

24	(-) Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	-	N/A
25	(-) CET1 instruments of financial sector entites where the investment firm does not have a significant investment	-	N/A
26	(-) CET1 instruments of financial sector entities where the investment firm has a significant investment	-	N/A
27	(-) Defined benefit pension fund assets	-	N/A
28	(-) Other deductions	- 82	N/A
29	CET1: Other capital elements, deductions and adjustments	- 42	N/A
30	**Additional Tier 1 Capital**	-	N/A
31	Fully paid up, directly issued capital instruments	-	N/A
32	Share premium	-	N/A
33	(-) Total deductions from Additional Tier 1	-	N/A
34	(-) Own AT1 instruments	-	N/A
35	(-) Direct holdings of AT1 instruments	-	N/A
36	(-) Indirect holdings of AT1 instruments	-	N/A
37	(-) Synthetic holdings of AT1 instruments	-	N/A
38	(-) AT1 instruments of financial sector entities where the investment firm does not have a significant investment	-	N/A
39	(-) AT1 instruments of financial sector entities where the investment firm has a significant investment	-	N/A
40	(-) Other deductions	-	N/A
41	Additional Tier 1: Other capital elements, deductions and adjustments	-	N/A
42	**Tier 2 Capital**	-	N/A
43	Fully paid up, directly issued capital instruments	-	N/A
44	Share premium	-	N/A
45	(-) Total deductions fromTier 2	-	N/A
46	(-) Own T2 instruments	-	N/A
47	(-) Direct holdings of T2 instruments	-	N/A
48	(-) Indirect holdings of T2 instruments	-	N/A
49	(-) Synthetic holdings of T2 instruments	-	N/A
50	(-) T2 instruments of financial sector entities where the investment firm does not have a significant investment	-	N/A
51	(-) T2 instruments of financial sector entities where the investment firm has a significant investment	-	N/A
52	Tier 2: Other capital elements, deductions and adjustments	-	N/A

Table 8: Own funds: Reconciliation of regulatory own funds to balance sheet in the audited financial statmeents based on Template EU IFCC2

	31/12/2023 (AUDITED) EUR '000	Cross Reference to EU IFCC1
***Assets** - Breakdown By Asset Classes According To Balance Sheet In Published Audited Financal Statements*		
Non-current assets	10	N/A
Property, plant and equipment	55	N/A
Intangible assets	1,481	N/A

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

Investment in Subsidiaries	**1,546**	N/A
Total non-current assets		N/A
Current Assets	138	N/A
Trade and other receivables	722	N/A
Financial assets at FVTPL	2,296	N/A
Cash and cash equivalents	**3,156**	N/A
Total current assets	**4,702**	N/A
Total assets		N/A
Equity	1	N/A
Share capital	200	N/A
Share premium	7,216	N/A
Shareholder's Contribution	- 1,225	
Retained earnings	- 1,928	N/A
Profit/Loss for the Period	**4,264**	
Total equity	**4,264**	
Liabilities - *Breakdown By Liabiliy Classes According To Balance Sheet In Published Audited Financal Statements*		
Current liabilities	345	N/A
Trade and other payables	93	N/A
Accruals	**438**	N/A
Total current liabilities	**4,702**	
Total equity and liabilities		

5 OWN FUND REQUIREMENTS

The Company's primary goal in terms of capital management is to ensure compliance with the capital requirements regulation enforced by the European Union and overseen by CySEC.

Within this framework, the Company is required to monitor its capital base and maintain a robust capital adequacy ratio. This enables the Company to present itself as fully compliant and financially sound, support its operations, and maximize shareholder value. In this context, capital requirements should not be viewed as a business constraint but rather as proactive risk management measures designed to benefit both the Company and its clientele.

The Board and the Risk Manager oversee the reporting requirements and have established policies and procedures to meet specific regulatory requirements. This is accomplished by preparing accounts to monitor the Company's financial status and capital position.

The Company manages its capital structure and adjusts it in response to changes in economic and business conditions and the risk profile of its operations.

WWF is classified under Class 2 (IFs that exceed the categorization thresholds for Small and Non-interconnected Investment Firms) within the prudential framework for Investment Firms (IFR/IFD). The minimum Pillar 1 Capital Requirement for the Company is the highest of:

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

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

5.1 Capital Ratios

The total Pillar I capital requirement for the Company (on an individual basis) for the year 2023 totals to 750K EUR while the Total own funds amount to 2,521 K EUR. Minimum Capital Requirements on an individual basis as at 31.12.2023.

Table 9: Total Own Funds Requirement, capital ratios and capital levels based on IFR1

	31.12.2023 EUR '000
1. Total Own Funds	6,123
2. Total Own Funds Requirement (As Max Of Lines 2.1 -2.3)	750
2.1. Permanent Minimum Capital Requirement	750
2.2. Fixed Overheads Requirement	592
2.3. Total K-Factor Requirement	359
3. CET 1 Ratio	816%
Surplus(+)/Deficit(-) of CET 1 Capital	5,703
4. Tier 1 Ratio	816%
Surplus(+)/Deficit(-) of Tier 1 Capital	5,560
5. Own Funds Ratio	816%
Surplus(+)/Deficit(-) of Total capital	5,373

5.2 Permanent Minimum Capital Requirement

Article 9 of the IFD outlines the initial capital requirements for investment firms. These requirements are contingent on the types of activities the IF is authorised to undertake and range from 75,000 to 750,000 EUR. A CIF that is authorised to provide any of the investment services or carry out 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, is required to have an initial capital of 750,000 EUR.

Given that the Company holds a licence for Dealing on own account, the minimum capital requirement is set at 750,000 EUR.

5.3 Fixed Overheads requirement

In accordance with Article 13 of the IFR, the fixed overheads requirement of an investment firm 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 the December 2020 Regulatory Technical Standards (RTS) issued by EBA. The Company's Fixed Overhead Requirement as at 31 December 2023 amounted to $557K, as shown in the below table.

Table 10: Calculation of Fixed Overheads Requirement as at 31.12.2023

Fixed Overhead Requirement	592
Annual Fixed Overheads Of The Previous Year After Distribution Of Profits	2,367
Total Expenses Of The Previous Year After Distribution Of Profits	2,367
Of Which: Fixed Expenses Incurred On Behalf Of The Investment Firms By Third Parties	-
(-)Total Deductions	
(-)Staff Bonuses And Other Remuneration	-
(-)Employees', Directors' And Partners' Shares In Net Profits	-
(-)Other Discretionary Payments Of Profits And Variable Remuneration	-
(-)Shared Commission And Fees Payable	-

(-)Fees, Brokerage And Other Charges Paid To Ccps That Are Charged To Customers	-
(-)Fees To Tied Agents	-
(-)Interest Paid To Customers On Client Money Where This Is At The Firm'S Discretion	-
(-)Non-Recurring Expenses From Non-Ordinary Activities	-
(-)Expenditures From Taxes	-
(-)Losses From Trading On Own Account In Financial Instruments	-
(-)Contract Based Profit And Loss Transfer Agreements	-
(-)Expenditure On Raw Materials	-
(-)Payments Into A Fund For General Banking Risk	-
(-)Expenses Related To Items That Have Already Been Deducted From Own Funds	
Projected Fixed Overheads Of The Current Year	2,667
Variation Of Fixed Overheads (%)	0

5.4 K-factor requirement

The K-factor Requirement is predicated on risk exposure indicators ("K-factors"), which capture not only the risks associated with the balance sheet but also P&L risks. The K-factors Requirement is at least the sum of the following:

- Risk-to-Client (RtC) K-factors encompass 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 capture net position risk (K-NPR) in line with the market risk provisions of Regulation (EU) No 575/2013 or, where allowed by the competent authority, based on the total margins required by an investment firm's clearing member (K-CMG). The Company does not engage in dealing on its 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 line 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).

Table 11: the total K-factor requirement for the Company and the individual K-factors that constitute it:

	31.12.2023
	EUR '000
Total K-Factor requirement	359
Risk to client	47
Assets under management	-
Client money held - Segregated	40
Client money held - Non-segregated	-
Assets safeguarded and administered	7
Client orders handled - Cash trades	-
Client orders handled - Derivatives trades	-
Risk to market	312
K-Net positions risk requirement	312
Clearing margin given	-
Risk to firm	0
Trading counterparty default	-

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

Daily trading flow - Cash trades	0
Daily trading flow - Derivative trades	-
K-Concentration risk requirement	-

5 CONCENTRATION RISK REQUIREMENT

The calculation of limits for large exposures is as specified in the IFR/IFD, where a simplified application of the corresponding CRR requirements is used. These limits apply solely to large exposures in the trading book. As per the regulatory definition, a 'large exposure' refers to an Investment Firm's exposure to an individual or a group of connected individuals where its value equals or exceeds 10% of the Company's eligible own funds. In general, the Company is required to adhere to the following Large Exposure limits:

- The limit for an investment firm's concentration risk of an exposure value, considering the effect of credit risk mitigation, with regard to an individual client or group of connected clients, should be 25% of its own funds.
- If the aforementioned client is an institution, or if a group of connected clients includes one or more institutions, the limit should be the greater of 25% of the Company's own funds or EUR 150m.
- If the amount of EUR 150m exceeds 25% of the Company's own funds, the limit should not exceed 100% of the Company's own funds.

As per the IFR, if these limits are exceeded, the Company is required to notify the authorities and meet the own funds requirement for the amount by which these limits are exceeded (K-CON). The exposure value with regard to an individual client or group of connected clients should not exceed:

- 500% of the investment firm's own funds, if 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 experience any breaches of the large exposure limits during the four quarters of 2023. The own funds requirement for the concentration risk remains at zero.

6 LIQUIDITY REQUIREMENT

Liquidity risk refers to the potential scenario where the Company, over a specific period, is unable to generate sufficient cash to fulfill its financial obligations.

As per the IFR/IFD regulation, Investment firms are required to maintain liquid assets equivalent to at least one third of the fixed overhead requirement, augmented by 1.6% of the total amount of guarantees provided to clients. The IFR identifies the instruments that are eligible to be classified as liquid assets for the purpose of calculating the aforementioned ratio and the applicable haircuts for them.

Table 12: The quantity of the Company's liquid assets.

	31.12.2023 EUR '000
Fixed Overhead Requirement	592
Client Guarantees	-
Liquidity Requirement	197
Total Liquid Assets	781

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

Surplus/(Shortfall) Of Liquid Assets	584

7 OTHER RISKS

7.1 Reputational Risk

Reputational risk is characterized as the possibility that negative publicity concerning a financial organization's business practices and affiliations, whether true or not, will lead to a loss of faith in the institution's integrity. Specifically, reputational risk can arise in instances of non-compliance with regulations, violation of ethical standards, or when customers perceive a significant discrepancy between the company's offerings and the actual practices of its staff. The Company mitigates its reputational risk through the following corporate governance and internal control measures:

- The Company exercises control over all marketing communications released to the public, staying abreast of new regulatory requirements and obligations to uphold a strong reputation. Additionally, it seeks legal advice on new jurisdictions it intends to operate in to ensure no laws are violated. It adjusts its marketing materials in accordance with the requirements of the third country.

- The Company has clear policies and procedures for handling potential customer complaints, aiming to provide the best possible support and service under such circumstances. The likelihood of dealing with customer claims is very low, given the high-quality services provided by the Company.

- Moreover, employees are bound by confidentiality policies, and several controls are in place to minimize the risk of internal fraudulent activities going unnoticed or unprevented.

- Furthermore, the management ensures that the Company is responsive to market or regulatory changes that could impact its reputation in the marketplace.

7.2 Strategic Risk

Strategic Risk may arise due to unfavorable business decisions, incorrect execution of decisions, or a lack of adaptability to changes in the business landscape. The Company's susceptibility to strategic risk is deemed low, as it has implemented policies and procedures within its overall strategy to mitigate this type of risk.

7.3 Business Risk

Business risk is a unique form of risk that isn't accounted for in the Pillar I capital requirement. It's characterized as the potential for economic loss resulting from unfavorable strategic and business decisions, incorrect implementation of these decisions, or a lack of adaptability to changes in the business environment, including technological advancements. The Company manages strategic risk through its regular business operations, while business risk is further scrutinized during the annual ICARA process.

7.4 Regulatory Risk

Regulatory risk refers to the risk that the Company may encounter by failing to comply with applicable Laws and Directives issued by its regulatory authority. If realized, regulatory risk could instigate the effects of reputational and strategic risk. The Company has established documented procedures and policies in line with the requirements of relevant Laws and Directives issued by CySEC. Adherence to these procedures and policies is further evaluated and reviewed by the Company's Internal Auditor, and management implements any suggestions for enhancement. The Internal Auditor assesses and tests the effectiveness of the Company's control framework at least once a year. As such, the risk of non-compliance is deemed to be low.

7.5 Compliance / Money Laundering and Terrorist Financing Risk

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

Compliance risk is the present and prospective risk to earnings or capital resulting from breaches of, or non-compliance with, laws, by laws, regulations, prescribed practices, internal policies and procedures, or ethical standards. The risk of Money Laundering and Terrorist Financing primarily pertains to the possibility that the Company may be exploited as a conduit for money laundering and/or involvement in financing terrorism.

The Company has implemented and continues to update, as necessary, specific policies, procedures, and controls to mitigate Compliance / Money Laundering and Terrorist Financing Risks. Among others, the Company has established or is in the process of establishing the following policies, procedures, and controls:

- Adoption of a risk-based approach involving specific measures and procedures to assess the most cost-effective and suitable way to identify and manage the Money Laundering and Terrorist Financing Risks faced by the Company;
- Adoption of Client due diligence and identification procedures in accordance with the Clients' assessed Money Laundering and Terrorist Financing Risk, both prior to and after establishing a business relationship with a client;
- Monitor and reviewing the business relationship or an occasional transaction with clients and potential clients from high-risk countries;
- Development and establishment of a Customers' Acceptance Policy (CAP), which is also included in its AML Manual and reflects the actual policies and procedures followed by the Company;
- Several policies (i.e., Conflicts of Interest Policy, Best Interest and Order Execution, Complaints Policy, Client Classification Policy, etc.) have been uploaded to the Company's website with the aim of providing its clients with all necessary information before establishing a business relationship;
- The Company's Compliance Officer, in collaboration with the Board and the Heads of the Front-line Departments, has designed effective organizational and administrative arrangements with the aim of taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of the Company's clients;
- Establishment of mechanisms that enable the Company to submit the EMIR and MIFIR reporting on a daily basis in accordance with the provisions of the relevant Laws and Directives; h. Electronic submission to CySEC of the Risk Based Supervision Framework ('RBS-F');
- Submission of the Common Reporting Standard (CRS) reporting to the Cyprus Tax Department;
- Registration with the goAML system implemented by MOKAS.
- The Company's Compliance Officer and Senior Management will ensure on an ongoing basis that the Product Governance Requirements under MiFID II are met; and l. Ensuring that the Company's personnel receive the appropriate training and assistance.

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

7.6 IT Risk

IT risk can arise due to insufficient information technology and processing, or from an inadequate IT strategy and policy, or from improper use of the Company's information technology. Specifically, the Company has implemented policies related to back-up procedures, software maintenance, hardware maintenance, internet usage, data protection procedures, and disaster recovery, as applicable. The Company conducts Business Continuity Plan (BCP) stress tests at least annually to ensure the effective operation of its systems and back-up procedures, and to minimize the likelihood of such risks materializing.

8 REMUNERATION DISCLOSURES

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

The Company was identified and categorized by CySEC as a "Significant CIF" in early 2022. In this respect, and in order for the Company to be in full compliance with its obligations against the provisions of Law 165 (l)/2021, it proceeded with the establishment of a Remuneration Committee. The composition and responsibilities of the Remuneration Committee were described in Section 2.4 above.

The Company's Remuneration Policy (the "Policy") forms an integral part of its corporate governance and is developed in accordance with its operational model and strategy. The Policy has been drafted in line with ESMA's "Guidelines on Remuneration Policies and Practices (MiFID)", the EBA's "Guidelines on sound remuneration policies under Directive (EU) 2019/2034" and CySEC's Consolidated Directive DI144-2014- 14 on the Prudential Supervision of Investments Firms.

The Policy aims to ensure that employees' compensation is enough to retain and attract individuals with appropriate skills and experience, and that it is in line with the business strategy, objectives, values and long-term interests of the Company. The Policy also aims to mitigate any conflicts of interest that may arise from the compensation packages that are given to the Company's employees. In addition, remuneration is designed so that it does not encourage risk-taking that exceeds the Company's approved risk tolerance.

Accordingly, the operating standards and mechanisms which have been adopted ensure that the level of reward provided to employees are directly linked to the desired behaviors and results, as defined by the BoD as well as the Company's documented policies and procedures.

Even though the Policy applies to all Company employees, the Company wishes to take a more specific risk approach by identifying and assigning higher emphasis and responsibility to persons whose professional activities have a significant impact on the Company's risk profile (i.e. front-office staff, back-office department, Head of Accounting, Senior Management, Risk Manager and Compliance/AML Officer).

Company has established a competitive compensation package which balances the employees' career advancement opportunities while at the same time seeks to mitigate or eliminate any potential conflicts of interest incidents.

The remuneration package provided by the Company consists of various components, none of which motivates excessive risk taking by any of the members of staff or management. The remuneration components are:

8.1 Fixed remuneration

Fixed remuneration is determined on the basis of the role of the individual employee, including responsibilities and job complexity, performance and local market conditions. Furthermore, fixed remuneration takes into consideration each individual's "work" characteristics, including:

- Skills and competencies required to generate results.
- Relevant professional experience and organisational responsibility as set out in an employee's job description as part of the terms of employment.
- Contribution to the team and the Company as a whole.
- The value and contribution of the individual in the context of the external market.

In respect of the above, the General Manager may perform annual reviews of the fixed remuneration of the employees, following which, a recommendation for salary increases may be made to the BoD.

8.2 Variable remuneration

If the Company decides to proceed with the variable elements of remuneration, then the Company must set the appropriate ratios between the fixed and the variable component of the total remuneration and the following principles shall apply:

- The variable component shall not exceed 100%of the fixed component of the total remuneration for each individual.

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

- Shareholders of the Company may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 200% of the fixed component of the total remuneration for each individual.
- Any approval of a higher ratio of variable remuneration above 100% of the fixed component of remuneration must be carried out in accordance with the following procedure:
    - A detailed recommendation by the Company shall be provided to the shareholders giving the reasons for, and the scope of, an approval sought, including the number of staff affected, their functions and the expected impact on the requirement to maintain a sound capital base;
    - Shareholders must act by a majority of at least 66% provided that at least 50% of the shares or equivalent ownership rights are represented or, failing that, must act by a majority of 75%of the ownership rights represented;
    - The Company must notify all shareholders, providing a reasonable notice period in advance, that an approval of a higher ratio of variable component of remuneration exceeding 100% of the fixed component of employee(s) will be sought;
    - The Company must, without delay, inform CySEC of the recommendation to its shareholders, including the proposed higher maximum ratio and the reasons therefore and must be able to demonstrate to the Commission that the proposed higher ratio does not conflict with the Company's obligations under the Dl144-2014-14 and under IFR, having regard in particular to the Company's own funds obligations;
    - The Company must, without delay, inform CySEC of the decisions taken by its shareholders, including any approval higher maximum ratio than 100%, and the CySEC must use the information received to benchmark the practices of the Company's in this regard.
    - Staff who are directly concerned by the higher maximum levels of variable remuneration up to 200% must not, where applicable, be allowed to exercise, directly or indirectly, any voting rights they may have as shareholders;
    - The Company may apply the discount rate to a maximum of 25% of total variable remuneration provided it is paid in instruments that are deferred for a period of not less than five years;
    - Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct;
    - Remuneration packages relating to compensation or buy out from contacts in previous employment must align with the long-term interest of the Company including retention, deferral, performance and clawback arrangements;
    - The measurement of the performance used to calculate variable remuneration components or pools of variable remuneration components includes an adjustment for all types of current and future risks and takes into account the cost of the capital and the liquidity required;
    - The allocation of the variable remuneration components within the Company must also take in to account all types of current and future risks;
    - The total variable remuneration shall generally be considerably contacted where subdued or negative financial performance of the Company occurs, taking into account both current remuneration and reductions in pay outs of amounts previously earned, including through malus or clawback arrangements, etc.

<u>Performance-based remuneration:</u>

In addition to a fixed component, the Company also offers a performance-based remuneration. The Company seeks to ensure that performance-based pay is awarded by ensuring that:

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

- An appropriate balance exists between fixed and performance-based components;
- The fixed component represents a sufficiently high proportion of the total remuneration to make non-payment of the performance-based component possible;
- The above variable elements of remuneration criteria are met where applicable.

Performance-based remuneration is granted to reflect the Individual employee's performance. In this respect, as it is the case for fixed remuneration, the General Manager performs an annual employee evaluation/assessment based on which the proposal for the performance-based pay is formulated.

Employees in control functions, including Compliance and Risk Management, are also eligible for performance-based pay. Performance-based remuneration is based on the value added brought to the Company from the control and risk management procedures and improvements that are set in place and contribute to the Company's successes. It is noted that the remuneration of persons in such positions is independent from the performance of the business area which they monitor/control (i.e., the income generated by the business area).

As regards to the amount of performance-based remuneration, the General Manager makes a recommendation to the BoD, which the BoD later considers and either approves or rejects. The Company maintains full records of the minutes of the meeting of the Board in which these decisions are taken to promote and maintain full transparency. Other benefits such a medical cover is offered to all employees of the Company covering their dependents as well (spouse and up to two children).

Pension Policy and Severance Payments Policy The Company does not have a Pension Policy nor does it maintain a Severance Payments Policy. In the event of severance payments, these will be payable in accordance with the applicable employment laws at the time.

8.3 Aggregate Remuneration

During 2023, the remuneration structure offered by the Company to management and staff comprised of a fixed salary cash component and non-cash benefits including medical insurance. The Company also paid bonus in the form of cash to reward outstanding employee performance during the year. Information on the aggregate remuneration to Senior Management and staff whose actions have a material impact on the risk profile of the Company as at 31December 2022

Table 12: Illustrate the aggregate remuneration split by the business area

Remuneration as at 31st December 2023	Annual Remuneration (EUR)			
Business Area	**No. of Beneficiaries**	**Fixed**	**Variable**	**TOTAL**
*Control functions **	6	347,732	0	347,732
Reception, Transmission and Execution	1	80,163	0	80,163
Dealing on Own Account	1	66,612	0	66,612
Safekeeping	1	47,647	0	47,647
Other staff	25	826,638	0	826,638
Total	**34**	**1,368,792**	**0**	**1,368,792**

**** Note:** Control Function involves Compliance Officer, Risk Manager and Money Laundering Compliance Officer.*

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

Table 13: Illustrate the aggregate remuneration split by stuff whom have a material impact on the Company's risk profile

Remuneration as at 31st December 2023	Annual Remuneration (EUR)			
Position/ Role	**No. of Beneficiaries**	**Fixed (cash) Remuneration**	**Variable (cash) Remuneration**	**Aggregated Remuneration**
Senior Management (incl. executive directors)	5	344,750	0	344,750
Other staff	29	1,024,043	0	1,024,043
Total	**34**	**1,368,792**	**0**	**1,368,792**

9 ESG DISCLOSURES

In accordance with Article 53 of the IFR, from 26 December 2022, IFs should disclose information on environmental, social and governance risks, including physical risks and transition risks, as defined in the report referred to in Article 35 of Directive (EU) 2019/2034, where value of their own on and offbalance sheet assets is on average more than 100 million euro over the four-year period immediately preceding the given financial year.

As at 31st of December 2023 the Firm does not meet the requirement therefore, no further disclosure is made.

10 APPENDIX - SPECIFIC REFERENCES TO THE

IFR Reference (Article)	High Level Summary	Compliance Reference
Scope of Disclosure Requirements		
46 (1)	Requirement To Publish Disclosures For Class 2 Ifs	1.2
46 (2)	Requirement To Publish Disclosures For Class 3 Ifs, Issuing Ati Instruments	N/A
46 (3)	Requirement To Publish Disclosures When A Class 3 Ifs No Longer Meets The Criteria To Be Considered A Small And Noninterconnected If	N/A
46 (4)	Determination Of The Appropriate Medium And Location To Publish The Disclosures	1.2
Risk management objectives and policies		
47	Investment Firms Shall Disclose Their Risk Management Objectives And Policies For Each Separate Category Of Risk, 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	2.4
48 (b)	Diversity Policy	2.5
48 (c)	Risk Committee And Number Of Times The Risk Committee Has Met Annually	2.1
Own Funds Composition		

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

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;	N/A
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
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.	N/A
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	8
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	8
51 (b)	Ratios Between Fixed And Variable Remuneration	8
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	8
51 (c) (i)	The Amounts Of Remuneration Awarded In The Financial Year, Split Into Fixed And Variable Remuneration, And The Number Of Beneficiaries	8
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

Spyrou Kyprianou 61, Mesa Geitonia, 4003, Limassol, Cyprus
+357 253 552 55
+357 253 552 30
office@wise-wolves.com
www.wise-wolves.com

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	8
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 Article 53 of the IFR	9