

WISE WOLVES FINANCE LTD

Pillar III Disclosures and Market Discipline for the year ended 31 December 2023

Disclosures in accordance with Part Six of Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014

May 2024

DISCLOSURE

*The Disclosure and Market Discipline Report for the year 2023 has been prepared by **Wise Wolves Finance Ltd** as per the requirements of of EU Regulation 2019/2033 on the prudential requirements of investment firms (“Investment Firm Regulation” or “IFR”) and EU Directive 2019/2034 on the prudential supervision of investment firms (“Investment Firm Directive” or “IFD”), as the latter has been harmonized into local legislation through the issuance of the Cyprus Law for the Prudential Supervision of Investment Firms (165(I)/2021 – “Prudential Law”).*

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 INTRODUCTION

1.1 Investment Firm

Wise Wolves finance Ltd (hereinafter referred to as the “**Company**” and/or “**WWF**”) is an Investment Firm incorporated in the Republic of Cyprus through the Department of Registrar of Cyprus and Official Receiver with incorporation number HE 361580 and is regulated by the Cyprus Securities and Exchange Commission (hereinafter referred to as the “**CySEC**”) with license number 337/17.

The Company is a member of the Investor Compensation Fund (“**ICF**” or “**the Fund**”) for the Clients of Cyprus Investment Firms (“**CIFs**”), under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time (“**the Law**”).

The Company falls under the classification of "Class 2" CIF according to the IFR, with a minimum or initial capital requirement of €750k.

Disclosures and Market Discipline Report (the “**Report**”) is prepared on an individual (solo) basis in accordance with the disclosure requirements as laid out in Part Six of the IFR.

The Report has been prepared in compliance with Part Six of the IFR and relate to the financial year ending on 31st of December 2023. Unless stated otherwise, all amounts are in thousands (“k”) or million (“mln”) of Euro (“€”), which is the reporting currency of the Company.

The Report has as a starting point the financial information used in the Company’s Financial Statements which are prepared in accordance with the International Financial Reporting Standards (“**IFRS**”). As the two documents serve different purposes, the reported figures illustrate differences, which lie on the differences of the fundamental concepts between the IFR and the IFRS.

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 1: 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	-	-	-	-	-	-	-	-	-	-	-			-		

1.2 Regulatory (Prudential) Framework

Since 26th of June 2021, the Company abides by the prudential rules set by the IFR & IFD framework, which consists of EU Regulation 2019/2033 on the prudential requirements of investment firms (“Investment Firm Regulation” or “IFR”) and EU Directive 2019/2034 on the prudential supervision of investment firms (“Investment Firm Directive” or “IFD”), as the latter has been harmonized into local legislation through the issuance of the Cyprus Law for the Prudential Supervision of Investment Firms (165(I)/2021 – “Prudential Law”). This framework addresses the prudential requirements for investment firms only, in order to avoid disproportionate administrative burden on this category.

The prudential requirements under the IFR/IFD Framework 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 IFR and IFD rules focus on specific methodologies that investment firms are required to apply for quantifying their exposure to risk and deriving their Capital Adequacy ratio, as well as to their required level of initial capital, their Internal Capital Adequacy & Risk Assessment (“ICARA”) Process, and the Liquidity Requirement, among others.

The IFR & IFD framework consists of three Pillars which are used to regulate, supervise, and improve the risk management of firms in the financial services industry. The three Pillars and their applicability to the Company are summarised below:

Pillar I- Capital Requirements: ensures that the Company maintains at all times a sufficient amount of capital above the minimum requirement in relation to certain key risks, as calculated using prescribed methods.

Pillar II- ICARA Process and Supervisory Review and Evaluation Process (“SREP”) - ensure that the Company and its supervisor, CySEC, actively assess, control and mitigate the various risks that the Company faces.

Pillar III- Public Disclosure: ensures the promotion of market discipline through the disclosure of the Company's regulatory requirements, risk management and risk governance policies and procedures, allowing market participants to view and compare meaningful information relating to the Company and its peers. Classification and Prudential Requirements

The aim of the IFR/IFD framework is to introduce more proportionate and risk sensitive rules for IFs. All IFs are classified as Class 1, 2 or 3 Investment Firms. The largest and most systemic investment firms are classified as Class 1 and have an equivalent treatment as credit institutions in the sense of a level playing field accordingly and they will fall entirely under the Regulation (EU) No 575/2013 (the “CRR”).

IFs categorized as Class 2 will be most impacted and to a lesser extend Class 3 from the new prudential framework as, the capital requirements, reporting requirements and internal governance policies are subject to the provisions of IFR/IFD.

An investment firm is categorized as Class 3 if it meets all the criteria below and thus qualifies as a small and non-interconnected investment firm. When the firm exceeds any of the following specific size thresholds, then it is categorized as Class 2 IF.

Table 2: Illustrates the Company's K- Factor requirements

Criteria	Threshold
● Asset Under Management (AUM)	< EUR 1.2 billion
● Client Orders Handled (COH)	< EUR 100 million/Day Cash Trades; Or < EUR 1 billion/Day for Derivatives
● Asset Safeguarded and Administered (ASA)	0
● Clients' Money Held (CMH)	0
● Daily Trading Flow (DTF)	0
● Net Position Risk (NPR)	0
● Clearing Margin Given (CMG)	0
● On/Off Balance Sheet Total of Investment Firm	< 100 million
Total Annual Gross Revenue from Investment Services and Activities of The Investment Firm	< 30 million

In accordance with the above thresholds, the Company is categorized as Class 2 IF, since it exceeds certain thresholds, more specifically, Client Money Held (COH), and, as such, it should maintain own funds at least the higher between:

Permanent minimum capital requirement

The permanent minimum capital requirement of the Class 2 IFs has been set to €750k.

Fixed Overhead Requirement.

In accordance with Article 13 of the IFR, the Fixed Overheads Requirement (the "FOR") is calculated as 25% (1/4) of the preceding year's fixed overhead expenses based on the audited financial statements. For the purposes of this calculation, the Company's Fixed Overhead Requirement, based on the Audited financial statements as of 31 December 2023, are calculated to be €286k.

K-Factor Requirement.

Under IFR, there are a series of risk parameters/indicators representing the specific risks that the Ifs should consider when calculating their minimum capital requirement. The IFR uses nine K-Factors, which fall into three categories:

- Risk-to-Customer (the "RtC") K-Factors,
- Risk-to-Market (the "RtM") K-Factors and
- Risk-to-Firm (the "RtF") K-Factors.

The Company's K-Factor Requirement, based on the unaudited financial statements as of 31 December 2023, are calculated to €337k.

Frequency and Disclosure.

The Company has an obligation to publish information relating to risks and risk management on an annual basis at a minimum. The frequency of disclosure will be reviewed should there be a material change in the approach used for the calculation of capital or the business structure of regulatory requirements.

According to the IFR, the Pillar III Disclosures should be included in either the financial statements of the IF, if these are published or on their website. The Company's Pillar III Disclosures are published on the Company's website at: <https://wise-wolves.finance/our-company/>

2 RISK MANAGEMENT OBJECTIVES AND POLICIES

2.1 Risk Management Framework

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.

In order to apply the above principles, the Company monitors 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;
- 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 to comply with such arrangements, processes and mechanisms or follow such policies and procedures.

Compliance Department

The Company has established a Compliance Function which is an independent unit within the organization. The main duties/responsibilities of the Compliance function are the following:

- Monitor on a permanent basis and assess on a regular basis, the adequacy and effectiveness of the measures, policies and procedures put in place, and the actions taken to address any deficiencies in the Company's compliance with its obligations;

- Advise and assist the relevant persons responsible for carrying out investment services and activities to comply with the Company's obligations under the relevant laws;
- Report to the Board of Directors, on at least an annual basis, on the implementation and effectiveness of the overall control environment for investment services and activities, on the risks that have been identified and, on the Complaints-handling reporting, as well as the remedies undertaken or to be undertaken;
- Monitor the operations of the Complaints-handling process and consider Complaints as a source of relevant information in the context of its general monitoring responsibilities.

Internal Audit

The Company's internal audit function is outsourced to Wise wolves Payment Institution Limited CY. The main duties and responsibilities of the internal audit are the following:

- Establish, implement, and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the Company's systems, internal control mechanisms and arrangements;
- Issue recommendations based on the result of the audit;
- Verify compliance with the recommendations;
- Report in relation to internal audit matters to the management of the Company, the Board of Directors and to the regulators.

ICARA and Stress Testing

As part of its Risk Management Framework and procedures, the Company conducts stress tests, in the context of the Annual Internal Capital Adequacy and Risk Assessment Process (hereinafter, the "ICARA") that help the Company to evaluate the impact on its current and future profitability and capital and liquidity adequacy, as well as, to assess and quantify risks using forward looking stress testing scenarios.

It is noted that the next ICARA will be performed by the Company in Q2 2024 and will rely on the "IFR approach" and will aim to capture the risks stipulated under the Pillar 1 minimum capital requirements, and other risks over and above, that are still important to the assessment of the total capital of the Company. Stress tests consider the following:

- Understand the risk profile of the Company.
- Evaluate the Company's capital adequacy to absorb potential losses under stressed conditions, considering risks not covered or inadequately covered by minimum regulatory and liquidity requirements, as part of the Company's Internal Capital Adequacy Assessment (ICARA).
- Assess the Company's strategy: Senior Management reviews stress test results in comparison to approved business plans and determines if corrective actions are necessary.
- Stress testing enables Senior Management to ensure that the Company's exposures align with its risk appetite.
- Establish or revise limits: Stress test results are integrated into risk management processes to establish or revise limits across products, various market risk variables, and portfolios.

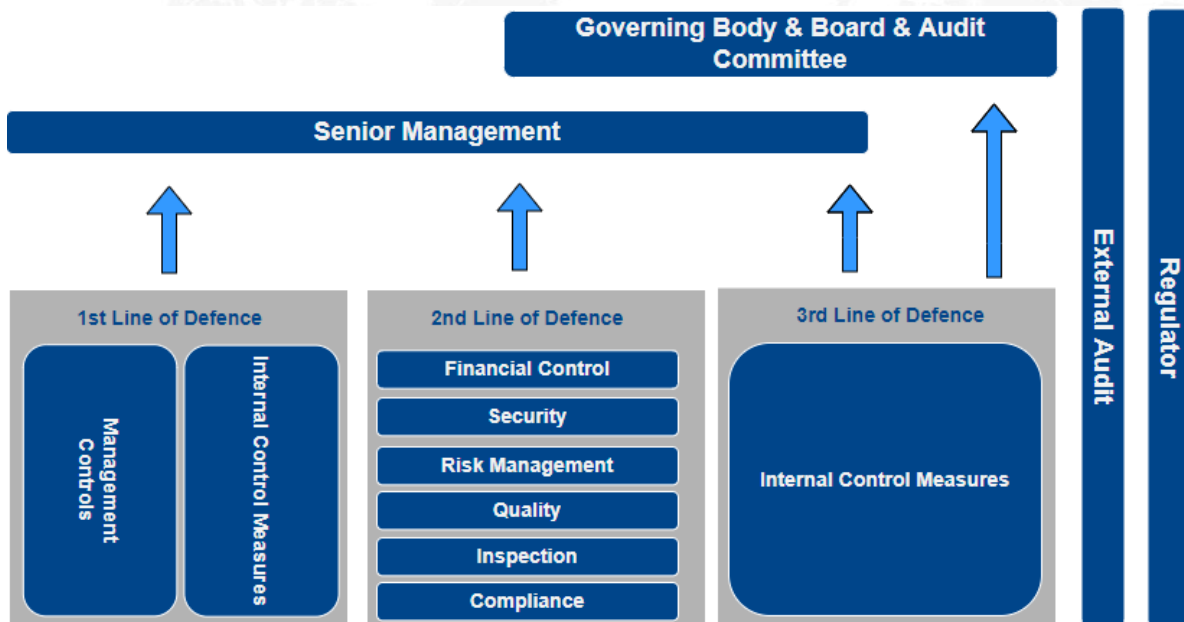
The ultimate responsibility and ownership of the Company's stress testing policy rests with the BoD. If the stress testing scenarios reveal vulnerability to a given set of risks, management should make recommendations to the BoD for remedial measures or actions. These may vary depending on the circumstances and include one or more of the following:

- Review the overall business strategy, risk appetite, capital, and liquidity planning.
- Review limits.
- Reduce underlying risk positions through risk mitigation strategies.
- Consider an increase in share capital; or enhance contingency planning.

2.2 Risk Strategy

Within the overall RMF, the Company aligns the risk management strategies with its business strategies, processes, and capabilities. In its organizational structure, the Company defines specific tasks and reporting relationships as well as clearly designating risk owners as these are defined by the nature of the business/operation and the risks inherent (i.e., specialization and risk ownership as per type of risk). The Company then specifies permissible and desirable actions. The specific policies and strategies aiming at managing each specific risk are determined by the Company’s Board which has the oversight role. In addition, the Investment Committee may coordinate decision-making and provides oversight in relation to the relevant RMF. The Board develops Company wide and specific risk policies, assigns owners of significant risks, and evaluates the effectiveness of the policies in place for managing specific risks.

The Company’s risk and compliance management system for the control of Company risks is based on the three lines of defense model.



First line of defense: The business management which has day-to-day ownership, responsibility, and accountability for assessing, controlling, and managing risk. The business function and all support functions (managers and employees) that generate exposure to a risk make up the first line of defense. All employees are required to ensure the effective management of risks within the scope of their direct organizational responsibilities. The senior management takes the lead role with respect to implementing and maintaining appropriate controls across the business to ensure the quality standards expected by clients and regulators.

Second line of defense: The second line of defense is provided by independent risk functions (including compliance) which provides support and challenge on risk management and define risk to ensure effective risk mitigation. It consists of activities covered by several components of internal governance such as compliance, risk management, legal functions, IT, and other control departments. The role of these functions is to provide independent oversight and challenge the risk management activities performed by the first line of defense. These functions are responsible for ensuring that the risks are managed in accordance with the risk appetite defined by senior management and to

foster a strong risk culture across the Company. They must also provide guidance, advice, and expert opinion in all key risk -related matters.

Third line of defense: The third line of defense is provided by internal audit. As the last layer of control, regularly assesses policies, methods, and procedures to ensure they are adequate and are being implemented effectively in the management and control of all risks. It provides independent assurance on the first and second lines, and the appropriateness and effectiveness of policy implementation and internal controls.

2.3 Risk Appetite

Risk appetite is the level and type of risk a firm is able and willing to assume in its exposures and business activities, given its business objectives and obligations to stakeholders. Risk appetite is generally expressed through both quantitative and qualitative means and should consider extreme conditions, events, and outcomes. In addition, risk appetite should reflect the potential impact on earnings, capital, and funding/liquidity.

The Company has a low-risk appetite in respect to investing and to managing business and operational activities.

According to the Financial Stability Board (FSB) an appropriate risk appetite framework (RAF) should enable risk capacity, risk appetite, risk limits, and risk profile to be considered for business lines and legal entities as relevant, and within the group context. The Risk appetite framework is defined as the overall approach, including policies, processes, controls, and systems through which risk appetite is established, communicated, and monitored. It includes a risk appetite statement, risk limits, and an outline of the roles and responsibilities of those overseeing the implementation and monitoring of the RAF. The RAF should consider material risks to the financial institution, as well as to the institution's reputation vis-à-vis policyholders, depositors, investors, and customers. The RAF aligns with the institution's strategy.

Risk Appetite Threshold	CET1 Ratio	Total Ratio	Own Fund
● Normal	>75%	>125%	> 890,000
● Critical	56% -- 75%	100% -- 125%	750,000 – 890,000
● Crisis	<56%	<100%	<750,000

Throughout the year 2023, the Company has remained in the normal levels regarding the CET1 ratio and Total Ratio, as well as the amount of Own funds as defined in the table above. In the event that the desired risk appetite is breached under either normal or stressed scenarios, these breaches are highlighted to the Senior Management, and ultimately to the BoD. In addition, the Company has in place well-documented Risk Management procedures that describe the immediate actions during an adverse event.

2.4 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.

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

The ICARA process is a 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 ICARA process includes the assessment of the liquidity adequacy, new financial projections, and stress tests, which have been established to reflect the new K-Factors requirement.

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.

2.6 Business Continuity Planning Management

The Business Continuity Plan (the “BCP”) deals with the premises and people aspects (where will staff work if their main site is out of action). The Company’s BCP is designed to prevent, manage, and resolve crisis situations and it aims to prevent the risk of forcing the Company to suspend its operations, and possible effect of temporary suspension of the Company’s activities hence letting the Company recover its normal course of business, which may slow down in a crisis situation. As per Article 17(4) of the CIF Law, “a CIF must take all reasonable steps to ensure continuity and regularity in the performance of investment services and activities. To that end, the CIF must employ appropriate and proportionate systems, resources, and procedures.”

The Company’s BCP is thorough, detailed and is an adequate back up for the Company to continue its operations in the event of an incident/disaster. The BCP has been communicated to all staff through electronic and hard copies and relevant personnel have been appointed according to the BCP. The Company developed a health and safety management system, compliant to the stipulations of the national legislation. All hazards and risks related to the operations, buildings, facilities and contracted services were assessed during site visits and audits performed by an

external consultant. In accordance with the BCP the Company has the technical and operational means to resume operations in the occasion an unforeseen event occurs.

3 GOVERNANCE ARRANGEMENTS

3.1 Board of Directors

For the year ended 31 December 2023, the Board consisted of two Executive Directors and three Non-Executive Directors. 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.
- 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.

3.2 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.

3.3 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.
- 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.

3.4 Committees

The Board establishes sub-committees to concentrate on particular areas and render informed decisions within the authority delegated to each committee. These committees are integral to the corporate governance framework and should possess well-defined reporting procedures and mandates.

Following the criteria outlined in CySEC's circular C487, the Company is not classified as a Significant CIF. Consequently, the Company based on its needs and in accordance with the law, decided on the formation of the Risk Committee. During the year the committee has met two (2) times.

The role and composition of the aforementioned committees are as follows:

Risk Committee.

The Risk Committee is comprised by the Company's Senior Compliance Officer, the Risk Manager and one Non-Executive Directors. The Committee meets as and when required discussing areas, including but not limited to,

amendments to the Company's policies, the introduction of new products and changes to risk levels. The responsibilities of the Risk Committee (RC) with respect to the RAF is to advise the BoD on the Company's overall current and future risk appetite and strategy, taking into account, among others:

- The financial and risk profile of the Company.
- The capacity of the Company to manage and control risk.
- Suggest risk limits to material risks to the BoD for approval.
- Allocate sufficient resources and expertise to Risk Management Unit to facilitate oversight over RAF adherence.
- Assist the BoD with overseeing the effective implementation of the risk strategy by senior management.

3.5 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 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 holds:

Table 3: Illustrates the Company's Board of Directors

Name of Director	Position in the CIF	Directorships - Executive	Directorships – non-Executive
Sergey Stopnevich	Executive Director	1	1
Gubaydulin Timur	Executive Director	1	0
Savchenko Paschalides Yevheniya	Non-Executive and Independent Director	0	1
Kacoullis Nicos	Non-Executive and Independent Director	1	1
Xitas Konstantinos	Non-Executive and Independent Director	0	3

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

3.6 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

Table 4: Illustrates the Company's annual regulatory obligations.

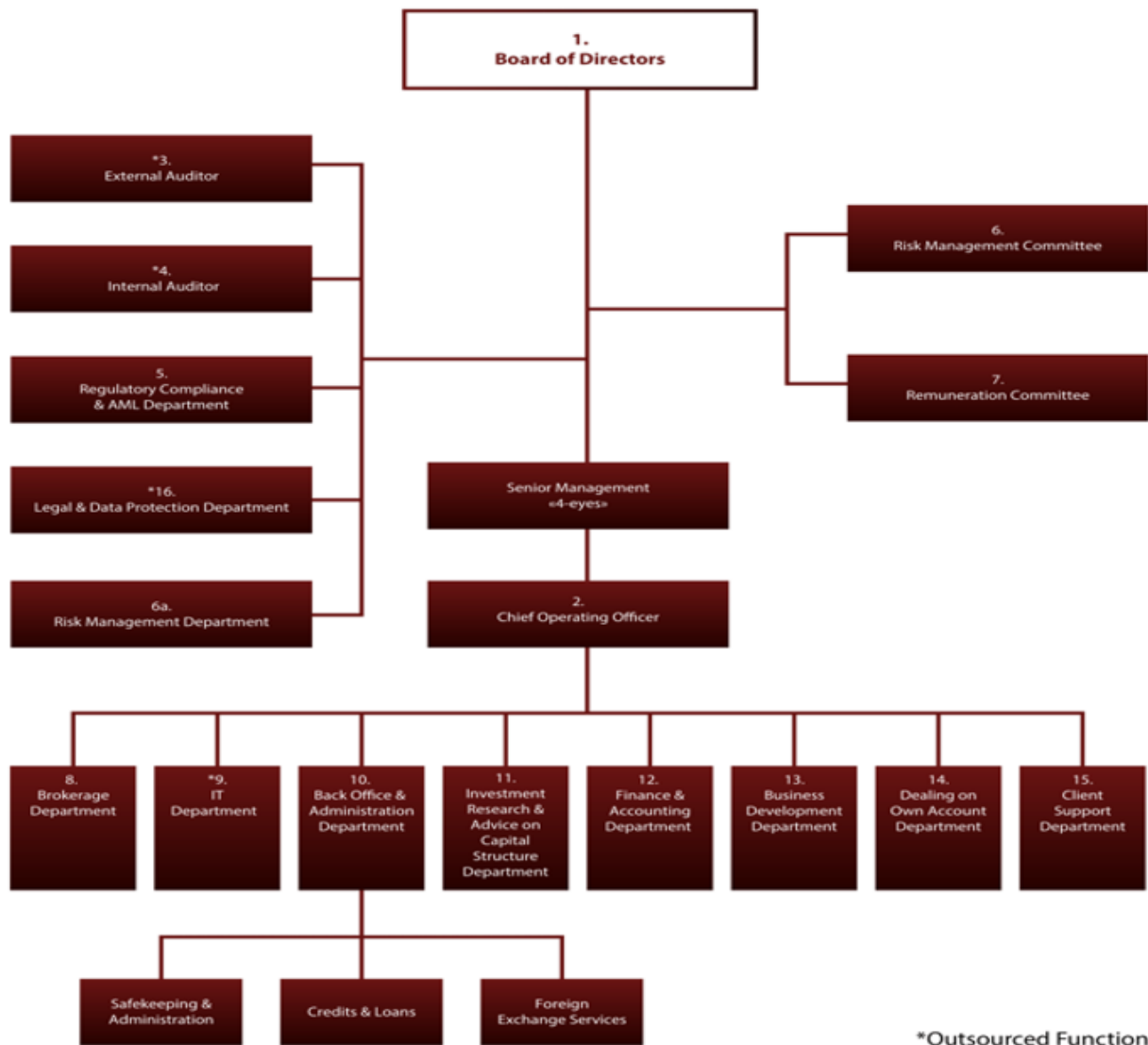
Report Name	Owner	Recipient	Frequency
Risk Management Report	Risk Manager	Board, CySEC	Annual

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

3.7 Organizational 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, behaviors 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.



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 regard 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;
- 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).

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

Ref		31.12.2023 EUR '000	Source Based on Reference Numbers/Letters of The Balance Sheet In The Audited Financial
1	OWN FUNDS	2,622	
2	TIER 1 CAPITAL	2,622	
3	COMMON EQUITY TIER 1 CAPITAL	2,622	
4	Fully paid up capital instruments	4	Ref. 1 (Equity)
5	Share premium	3,246	Ref. 2 (Equity)
6	Retained earnings	175	Ref. 3 (Equity)
10	Adjustments to CET1 due to prudential filters	(1)	
12	(-)TOTAL DEDUCTIONS FROM COMMON EQUITY TIER 1	(761)	
17	(-) Losses for the current financial year	(755)	Ref. 3 (Equity)
19	(-) Other intangible assets	(6)	Ref. 1 (Assets)
27	CET1: Other capital elements, deductions and adjustments	(41)	Ref. 2 & 3 (Assets)
28	ADDITIONAL TIER 1 CAPITAL	-	
40	TIER 2 CAPITAL	-	

Table 6: Own funds: Reconciliation of regulatory own funds to balance sheet in the audited financial statements based on Template EU IFCC2

Ref	Balance Sheet As in Audited Management Accounts	Cross Reference to EU IFCC1	
		31/12/2023 (AUDITED) EUR '000	31/12/2023
	Total Assets	2,744	
	<i>of which:</i>		
1	Intangible assets	6	Ref.19
2	Deposit with Investors' Compensation Fund	40	Ref.27
3	Additional Cash Buffer	1	Ref.27
	Total Liabilities	74	
	Total Equity	2,670	
	<i>of which:</i>		
1	Share Capital	4	Ref.4
2	Share premium	3,246	Ref.5
3	(Accumulated losses)/retained earnings	(580)	Ref.6 & 17

4.2 Main features of the capital instruments

Table 7: Own funds: main features of own instruments issued by the firm based on Template EU IFCCA

1	Issuer	Wise Wolves Group Ltd
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Public or private placement	Private Placement
4	Governing law(s) of the instrument	Cyprus Companies Law
5	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
6	Amount recognised in regulatory capital (as of most recent reporting date)	EUR 3.940
7	Nominal amount of instrument	3,940
8	Issue price	Various
9	Redemption price	N/A
10	Accounting classification	Shareholder's Equity
11	Original date of issuance	Various
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
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
17	Coupons / dividends	N/A
18	Fixed or floating dividend/coupon	Floating
19	Coupon rate and any related index	N/A
20	Existence of a dividend stopper	No
21	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
22	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
23	Existence of step up or other incentive to redeem	N/A
24	Noncumulative or cumulative	N/A
25	Convertible or non-convertible	Non-convertible
26	If convertible, conversion trigger(s)	N/A
27	If convertible, fully or partially	N/A
28	If convertible, conversion rate	N/A
29	If convertible, mandatory or optional conversion	N/A
30	If convertible, specify instrument type convertible into	N/A
31	If convertible, specify issuer of instrument it converts into	N/A
32	Write-down features	N/A
33	If write-down, write-down trigger(s)	N/A
34	If write-down, full or partial	N/A
35	If write-down, permanent or temporary	N/A
36	If temporary write-down, description of write-up mechanism	N/A
37	Non-compliant transitioned features	No
38	If yes, specify non-compliant features	N/A

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 €750k**, 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).

5.1 Capital Ratios

The total Pillar I capital requirement for the Company (on an individual basis) for the year 2023 totals to €750K, which is the highest of the FOR, the PMCR and the Total k-factor requirement. The Total own funds amount to €2,622K EUR. Minimum Capital Requirements on an individual basis as at 31.12.2023.

Table 8: Total Own Funds Requirement, capital ratios and capital levels based on IFR1

	31.12.2023 EUR '000	Reference
Capital		
Common Equity Tier 1	2,622	
Additional Tier 1	-	
Tier 2	-	
Total Own Funds	2,622	a
Own Funds Requirement		
K-factor Requirement	337	b
Fixed Overhead Requirement	286	c
Permanent Minimum Capital Requirement	750	d
Minimum Own Funds Requirement	750	e = (higher of b, c, d)
Capital Excess/Ratio		
Capital Excess	1,872	a-e
Capital Ratio	349.60%	a/e

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 €75k to €750k. 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 €750k

Given that the Company holds a license for Dealing on own account, the minimum capital requirement is set at €750k.

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 of 31 December 2023 amounted to €286k.

5.4 K-Factor Requirement and Principal Risks

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")

Risk to Client ("RtC") is the risk that an investment firm poses to its clients in the event where it fails to properly carry out the services being offered to them. It reflects the risk covering the business areas of investment firms from which harm to clients can conceivably be generated in case of problems.

There are four K-factors through which some of the core aspects of RtC are being captured and measured, and which act as proxies that cover the specific business areas that are referred to above. These K-factors consist of assets under management and ongoing advice (K-AUM), client money held (K-CMH), assets safeguarded and administered (K-ASA), and client orders handled (K-COH). As of 31 December 2023, the Company was subject to client money held in segregated accounts and assets safeguarded and administered.

Risk to Market ("RtM")

Risk to Market ("RtM") is the risk that an investment firm poses to the financial markets that it operates in and the counterparties that it trades with.

K-factors under RtM capture net position risk (K-NPR) in line with the market risk provisions of Regulation (EU) No 575/2013 and clearing member (K-CMG). As at 31 December 2023, the Company was subject only to K-NPR, since it did not engage in dealing on its own account through clearing members.

Risk-to-Firm (RtF)

Risk to Firm ("RtF") captures an investment firm's exposure to the Risk of Default of its Trading Counterparties (K-TCD), the Concentration Risk arising from its exposures to counterparties and their connected persons (K-CON) and Operational Risks from its Daily Trading Flow of transactions (K-DTF).

Price Risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses, such as maintaining sufficient cash and other highly liquid current assets and by having access to credit facilities.

Interest Rate Risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Instruments issued at variable rates expose the Company to cash flow interest rate risk. Instruments issued at fixed rates expose the Company to fair value interest rate risk. Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Foreign Currency Risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's functional currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollars. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Table 10: 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	337
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	290
K-Net positions risk requirement	290
Risk to firm	0
Trading counterparty default	-
Daily trading flow - Cash trades	0
Daily trading flow - Derivative trades	-
K-Concentration risk requirement	-

6 LIQUIDITY RISK and REQUIREMENT

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses, such as maintaining sufficient cash and other highly liquid current assets and by having access to credit facilities.

As per the IFR/IFD regulation, Investment firms are required to maintain liquidity levels equal to at least one third of its Fixed Overhead Requirement ("FOR").

In this respect and as per the Company's latest audited financial statements, the Company has the following liquid assets which are above the 1/3 of the total fixed overheads requirement.

As at 31st of December 2023 the Company satisfied the Liquidity Requirement.

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

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;
- 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

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 the harmonized local legislation through the Cyprus Law for the Prudential Supervision of Investment Firms (165(I)/2021).

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

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 the highest level of education in area of their expertise.

Remuneration policies and practices implemented in the Company are intentionally 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 scale 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) etc.

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

- 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.
- at least 40% of the variable remuneration is deferred over a three-to-five-year period.

Based on IFD Article 32(4)(a), these points don't apply to the Company since it does not fall under the definition of 'significant CIF' (off-balance sheet assets is on average less than €100mln over the preceding four-year period).

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. 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 31 December 2023

Table 13: Aggregate remuneration for Risk Takers, split by Senior Management and Other Staff whose actions might have an impact on the Company's profitability.

Remuneration as at 31st December 2023	Annual Remuneration (EUR)			
	Position/ Role	No. of Beneficiaries	Fixed (cash) Remuneration	Variable (cash) Remuneration
Senior Management (Including	10	377,104	-	377,104
Other Staff (Control Functions) *	4	149,125	-	149,125
Total	14	526,229	-	526,229

- * Note: 1. Control Function involves Compliance Officer, Risk Manager and Money Laundering Compliance Officer.
2. Remuneration for the year 2023 was awarded and paid during the same year.

9 ESG DISCLOSURES

In accordance with Article 53 of the IFR, as of 26 December 2022, Ifs meeting the criteria to be considered “Significant CIF” 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.

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

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 At1 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 Non interconnected 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.	2, 5, 6, 7, 8
Governance		
48 (a)	Disclosure Of the Number of Directorships Held By Members Of The Management Body	3.4
48 (b)	Diversity Policy	3.1 3.2
48 (c)	Risk Committee and Number of Times The Risk Committee Has Met Annually	3.3
Own Funds Composition		
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	4.2
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 ICARA Upon Request of The Competent Authority.	2.5

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	N/A
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 Article 53 of the IFR	10